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Joel Stransky, racing by Jason Little, kicked four penalties and a drop-goal and scored a try as South Africa upset defending champion, Australia, 27-18.

South Africans Win the Match - and the Day

By Ian Thomsen
International Herald Tribune

CAPE TOWN — Here was the summation of an emotional statement broadcast within the country and around the world: South Africa 27, Australia 18, in a game of rugby.

More than just any game, it was the opening match of the Rugby World Cup, the first global tournament to be held in South Africa, indeed the largest sporting event ever on the African continent. On Thursday it was even more than that.

The South African players were all white, as ever, but they were no longer in charge. That was the difference. They were preceded by a 45-minute celebration on the field, before the unblinking cameras, in which all the races of South Africa officially received 15 visiting

nations and were in turn introduced to the big but shrinking world; and at the same time the South Africans, hundreds of them, were turning to greet each other in a thumping swirl of dance. From the grandstands occupied largely by the white minority there would have been no telling one race from another were it not for the ceremonial costumes.

Even then, before the team of white South Africans could upset the defending champion, it had first to receive the permission of its president, the former prisoner who grew old on Robben Island, just a few miles offshore, awaiting this day. From there he used to stare out to the landmark of Table Mountain, and now he was standing before a microphone at the foot of it, here in Newlands Stadium, in a loose African shirt with a pen clamped to the breast pocket. He gave more than permission to the players. He gave them his blessing. He used to always hope, he had told the players the

day before, that visiting teams would beat the Springboks, as the national team is nicknamed. "But now our loyalties have completely changed," he had said. "We have adopted these young men as our boys."

Waiting in a room underneath the stadium the next day, Thursday, the players could hear the deep roar that came after President Mandela said, "South Africa opens its arms and its heart to embrace you all."

Only then did the players, coaches and others come out.

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See CUP, Page 19

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See CUP, Page 19

Peres Asserts Giving Up the Golan Would Bring Peace

By Clyde Haberman
New York Times Service

JERUSALEM — Foreign Minister Shimon Peres came as close Thursday as any top Israeli has to saying baldly that Israel will give up the entire Golan Heights as the price for a peace treaty with Syria, which he said would end war in the Middle East.

"One has to make a decision," he told fellow Labor Party members in Tel Aviv, a day after Syria and Israel agreed in principle of security arrangements for the Golan that broke a months-long logjam in peace talks.

Those negotiations were expected to resume in a few weeks in Washington.

"The price is the price that we also paid to Egypt," Mr. Peres said. "It does not have to be identical, but there are no illusions here. There is no Syrian I know who is prepared to be less than an Egyptian."

At another point, he said: "To remain on the Golan Heights is to give up peace."

And once Israel has come to terms with Syria, the foreign minister added, there would be "the basis for the end of war in the Middle East."

No one in his audience needed a reminder that for its 1979 peace treaty with Egypt, its first with an Arab country, Israel gave back the entire Sinai Peninsula, which, like the strategically vital Golan, it had captured in the 1967 Middle East War.

Even though Mr. Peres cautioned that the "price" did not have to be identical with Syria, the overall tone of his remarks suggested that there would be little alternative.

It was not the first time, however, that the foreign minister had suggested that Israel would relinquish the heights where some 13,000 Jews have settled since 1967.

As on previous occasions, he stopped short of saying in plain, unequivocal language that every last foot of that territory would go back, as Syria demands, if the Syrians agreed to full diplomatic relations, open borders, trade and other Israeli conditions for peace.

More significantly, those words have yet to be uttered in public by Prime Minister Yitzhak Rabin, who has said he would give up much of the territory but not necessarily all of it.

On Thursday, the prime minister repeated his latest position that he wanted "a very limited withdrawal" at first, and would then test normalized relations with Syria for a "period of plus or minus three years" before going further.

Besides not wanting to tip his hand to the Syrians, Mr. Rabin has to keep domestic politics in mind, including a brewing rebellion by members of his Labor Party, who say that Israel cannot abandon the heights and keep its northern border secure.

A few dissidents have threatened to leave Labor and form their own party before national elections scheduled for next year, a move that would complicate peace negotiations.

See GOLAN, Page 10

NATO Jets Bomb Serbian Arms Depot Near Sarajevo Clinton Issues Warning As American Warplanes Respond to UN's Call

By Roger Cohen
New York Times Service

ZAGREB, Croatia — Confronting the Bosnian Serbian leadership more directly than ever before, NATO warplanes Thursday bombed an ammunition depot near the Serbs' political headquarters in Pale.

The NATO attack, in response to renewed Serbian use of heavy weapons around Sarajevo, was carried out mainly by American aircraft and was forcefully supported by President Bill Clinton, who warned the Serbs to stop shelling the Bosnian capital.

Russia criticized the air strike, saying it would only complicate efforts to establish peace in the republic, news agencies reported.

"One cannot seek a just solution to the Bosnian conflict by bombing the positions" of just one side, a report quoted a Foreign Ministry statement as saying.

The bombing of an arm depot adjacent to the self-styled capital of the Bosnian Serbs amounted to the strongest and most politically significant NATO strike since the Bosnian war began in April 1992. The target was jointly selected by NATO and United Nations commanders, senior NATO officials said.

Serbs ignored the message, storming three weapons collections points around Sarajevo and lobbing shells into the government-held city of Tuzla in northern Bosnia. Hospital officials in Tuzla said from 20 to 30 people had been killed, one of the largest tolls from a single shelling during the 3-year-old Bosnian war. The Associated Press reported from Pale.

[Reuters reported that Bosnian Serbs shelled five of six UN-designated "safe areas" in Bosnia over a two-hour period Thursday evening, during NATO's retaliatory air strikes.]

[At least 10 persons were killed in the UN-designated "safe area" of Tuzla when a shell struck an area crowded with cafes, Reuters said, quoting a councilman on the scene.]

A thick plume of smoke billowed from the Pale area about 14 kilometers (9 miles) southeast of Sarajevo after the attack. The North Atlantic Treaty Organization said six planes attacked two ammunition bunkers in a large military complex. All the aircraft returned to their bases.

A statement from the Bosnian Serbs said the Pale suburbs of Jajce and Ravna Plama were bombed, but gave no further details. There were no immediate reports of casualties. NATO said the Serbian account was wrong and that a single location had been hit.

The United States has been pressing for a long time for the bombing of Serbian ammunition depots rather than targets of scant military significance, such as those selected by UN commanders and NATO in previous raids.

The attack Thursday, the first since last November, thus bore the hallmark of American planning and prompted a ringing chorus of support from Mr. Clinton.

See BOSNIA, Page 10

Senate Leader's Double Life: 'A Tough Balancing Act'

By Helen Dewar
Washington Post Service

WASHINGTON — In running for president while holding on to his job as Senate majority leader, Bob Dole has ventured far out on the high wire of American politics without a net.

He has reached out to conservatives, many of whom are deeply skeptical of his more pragmatic past, by pushing their agenda, including some of the most contentious provisions of the House Republicans' "Contract With America."

While he has not fallen, the Kansas Republican has stumbled over issues ranging from legal reforms and taxes to the nomination of Henry W. Foster Jr. to be surgeon general.

"It's a tough balancing act," said Senator James M. Jeffords, Republican of Vermont, who is a moderate. "I guess he feels he has to move to the right, but if he moves too far and none of the program gets through, he's in trouble."

Only Wednesday, bouncing from strategy sessions in his office to the Senate floor to a news conference and back to his of-

fice, Mr. Dole gave a vivid demonstration of the task he faces as he struggled to satisfy conservative tax-cut advocates without alienating the moderates he needs to pass a budget for next year.

On issue after issue, Mr. Dole has adopted the politically correct position for a candidate seeking the Republican nomination, espousing the cause of ideological conservatives.

He took the no-tax-increase pledge in New Hampshire, reversing a stand that contributed to his defeat in the presiden-

tial primary seven years ago and to his withdrawal as a candidate.

He promised the National Rifle Association that he would give high priority to legislation repealing the ban on assault weapons, a more conspicuous role than he usually plays on gun issues.

He called for re-examination of affirmative action laws and said he would eliminate minority quotas and set-asides, surprising some civil rights advocates who have often come out on his support.

He lashed out at the entertainment in-

See DOLE, Page 10

Grim U.S. Economic News Pounds Dollar

By Lawrence Mallinkin
International Herald Tribune

NEW YORK — Recession jitters hit the dollar and then the stock market Thursday as the U.S. economy's widely advertised soft landing would turn into a hard one and push the Federal Reserve into cutting interest rates.

The dollar's sell-off began in Europe and was accentuated by a holiday closing on the Continent. It spread to New York, where it was made worse by fears of an escalating trade war with Japan and rumors — officially denied by the Mexican Finance Ministry — that Mexico would not have enough money to pay off more than \$36 billion in government bonds due this summer.

Then the dollar's weakness spread to the stock market, which fell in the wake of a

new round of weak economic statistics on employment and home sales. (Page 12)

The dollar fell 4.08 pfennig, to close at 1,398 Deutsche marks. It fell to 84.80 yen, compared with 87.175 on Wednesday.

The drops reflected an unresolved debate over the immediate course of the U.S. economy: Is this slowdown simply a pause that refreshes the economy so it can resume growth at a lower and inflation-safe rate later this year? Or has the Federal Reserve, by doubling short-term interest rates over the last 16 months, overdone it and pushed the economy over a precipice?

The latest statistics are starting to cause some wavering between those who preferred the scenario of the pause to that of the precipice.

In its weekly report on new claims for unemployment compensation, the government said Thursday that the number of

jobless Americans increased by 13,000, to 380,000. It is not a frightening number, but the highest since last July and well above the 320,000 to 350,000 that had been the norm each week until this month.

The real estate market also turned surprisingly soft in April, which is usually a strong month and was expected to be especially good this year because the bond market had helped lower mortgage rates. Instead, sales of existing homes fell 6.4 percent last month, perhaps because buyers were waiting for even lower rates or because they were beginning to worry about their jobs.

The first explanation would imply that the economy is in a pause, the second that it may be heading over the edge. Whichever it is, said Sam Kahan of Fuji Securities.

See DOLLAR, Page 10

For the Polluted Rhine, Currents of Progress Amid the Toxic Flow

By Marlise Simons
New York Times Service

MAASTRICHT, Netherlands — In the midst of all the damage created by the flooding of the Rhine early this year, the discovery of a lone, stranded salmon seemed an odd bit of good news. The appearance of the salmon, a fish choosy about water quality, seemed proof that the river was at last becoming cleaner.

But Dutch biologists quickly dispelled that illusion.

They said the salmon probably got there as part of an experiment in planting young fish in tributaries of the Rhine.

There was no evidence that mature salmon, which disappeared from the polluted Rhine some 40 years ago, were once again making their way upstream to a spawning ground there.

A new report suggests, though, that the Rhine may yet overcome its reputation as the great open sewer of

Western Europe. In the report, due in late May, experts from four nations say that strict pollution control laws and large-scale investments in wastewater treatment have restored some of the river's

Some 20 million people depend on the Rhine and its tributaries for drinking water. But along its 1,300 kilometers (800 miles), from the Swiss Alps to the Dutch coast, the river runs through one of Europe's most densely populated and industrialized areas.

The experts said that since their last report, in 1986, the amount of metals and pesticides in the Rhine has dropped significantly, and the water has more oxygen and a greater diversity of plants and animals, all healthy signs.

"There has been a good deal of progress in the last 10 years," said Maarten Gast, vice president of the Association of Rhine Water Suppliers, which is to

issue the report. "It's an example of what is possible. If we can improve this very large, very soiled river, then this can also be done next door in East Europe and Russia."

The report notes, however, that the Rhine's old problems may be replaced by new ones. It warns about new pollutants that may cause cancer or human genetic changes. Moreover, it says, the water quality is still far from the goal set in 1975: to be able to make the water drinkable using natural cleansing methods like sedimentation. Experts say far too many chemicals are still needed to clean the water.

"Just because there is an improvement and because we have the techniques to purify the water, it does not mean polluters now have a license to keep going," said Mr. Gast, who is in charge of the drinking water for 1.5 million people in the Amsterdam region. "The selling has to stop. We worry about substances that

are hard to measure or for which the effects are not known."

Those include dioxins and chlorine compounds like PCBs that linger for years in the environment and get into the river through runoff or rain even if production has halted.

Wim Verhoog, a biologist at the Clean Water Foundation in Amsterdam, said that while big industry has improved its practices, many diffuse sources of pollution remain that may be harder to tackle. He cited traffic as a source of heavy metals and soot, lead weights used by anglers, and farm runoff — pesticides, herbicides and nitrogen-enriched animal manure.

"The news is mixed," Mr. Verhoog said, applauding improvements that have brought quantities of sea trout back to the Rhine. But others in Germany still have dangerous levels of toxins. And experts say the Rhine estuary has silt deposits that amount to toxic waste.

Dow Jones		Trib Index
Down	Up	1.24%
25.93	122.51	
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The Dollar		
New York	Then down	previous close
DM	1.398	1.4388
Pound	1.605	1.5743
Yen	64.80	67.175
FF	4.968	5.114
Newsstand Prices		
Andorra	9.00 FF	Luxembourg, 80 L. Fr.
Antilles	11.20	

Extremists in the Philippines/A New Generation

Islamic Rebels Stun Manila With Their Ferocity



Abu Sayyaf rebels raising their weapons at a jungle camp in the Philippines. Manila says the movement has grown from about 100 members in 1991 to 600 regulars today.

Keith B. Richburg
Washington Post Service

ZAMBOANGA, Philippines — When the Islamic scholar Zain Jali was giving fiery anti-government lectures in the town mosque here more than a decade ago, he noticed a quiet young man listening intently. He was Abu Bakar Janjalani, the son of a poor Muslim fisherman from Basilan who lived across the street from the local military base.

Mr. Jali took a liking to the young man. "He was calm," he recalled recently. "He never talked. But he was very bright." So he arranged for Mr. Janjalani to go to Saudi Arabia to learn Arabic, then to Libya to study Islamic teachings, on a scholarship arranged by the Moro National Liberation Front, the Philippines' largest Muslim organization, which was then waging a bloody insurrection against the dictatorship of President Ferdinand E. Marcos.

Mr. Janjalani returned from Libya with a mission. Today, as the government negotiates with the moderate leadership of the Moro Front for a limited regional autonomy to end two decades of separatist strife on Mindanao, Mr. Janjalani and his own rebel movement, the Abu Sayyaf, have emerged as the spoilers of peace.

The organization represents the militant voice of a younger, increasingly radicalized generation of Philippine Muslims, many of them poor and disaffected youth inspired more by the rhetoric of violence than talk of reconciliation.

While in Saudi Arabia and Libya, Mr. Janjalani became an inspired speaker. On his return to this country, he used strident rhetoric to call for a *jihad*, or holy war, against the government and what he called "Christian settlers" on southern Mindanao.

Mr. Janjalani put his incoherent words into practice, retreating into the forested hills of Basilan island with other Muslim Filipinos who had fought alongside *mujahidin* rebels in Afghanistan and some disgruntled Moro Front members. They expanded a loose-knit group into what has become the Philippines' most violent rebel movement.

The group has carried out a wave of kidnappings and grenade attacks. A year ago, its

soldiers slaughtered 15 Christians they had taken off a bus. They have abducted Catholic priests and missionaries and bombed a missionary ship in 1991, killing two people.

On April 4, Abu Sayyaf staged its most daring attack, joining forces with other heavily armed Mindanao bandit groups and renegade Moro Front fighters in an attack on Ipil, a small town just north of here. Banks were robbed, shops looted and 47 residents killed in an assault that caught the Philippine military off guard.

The raiders fled into the jungle, taking dozens of hostages with them. They then took more Christian hostages from a nearby village and hacked at least 11 of them to death with large knives.

As the government searches, Mr. Janjalani, 34, has become the country's most wanted fugitive. President Fidel V. Ramos was stung by the raid, which directly challenged his attempts to portray a new and stable Philippines. He gave military commanders 60 days to capture Mr. Janjalani.

Abu Sayyaf is said to have grown from fewer than 100 members in 1991, after Mr. Janjalani returned from Libya, to about 600 regulars, according to local newspapers quoting a Philippine Army report.

THE MORE moderate Moro Front, when it was fighting the government, "was recruiting students," said Gerardo Salapuddin, the Muslim governor of Basilan province. "In the case of Abu Sayyaf, they are not recruiting students, but poor people, less educated."

The governor added that Mr. Janjalani's backers "do not want autonomy, but independence."

Mr. Jali, the Islamic scholar and one of the Moro Front leaders negotiating with the government, said: "These young people, most of them were my audience in the mosque, and at the lectures I gave. They think I disregarded the struggle. They think the front is a secular movement."

He said that when some of his followers told him they were leaving the front to join Mr. Janjalani, he told them: "I cannot give you guns. I am not a violent man. But what Janjalani wants is to fight — violently."

He added: "I can no longer attract these people because of the Arab extremists who finance them. I have no money."

According to interviews in Zamboanga, Basilan and Manila with Philippine intelligence officials, Muslim leaders, government officials and politicians — and with a senior Abu Sayyaf member who surrendered and is now in protective custody — Mr. Janjalani and his movement have received substantial financial support from wealthy Middle Eastern backers of global terrorist groups.

"Abu Sayyaf has some foreign connection — funds, arms purchases, training," said Rudolfo Severino, an undersecretary for foreign affairs in Manila. "We have hardly any control over currency flows. The thing is to try to cut them off from their international sources."

He said the issue was raised with Prime Minister Benazir Bhutto of Pakistan, who Mr. Severino said "is very concerned about this problem."

Abu Sayyaf, according to various sources, also was enlisted to become one of the key support groups in a terrorist network established by Ramzi Ahmed Yousef, who has been charged with directing the 1993 bombing of the World Trade Center in New York.

According to Edwin Angeles, chief of Abu Sayyaf's political section who defected to the government in February, Mr. Yousef intended to use the Philippines as a "launch pad" for a worldwide terrorist campaign involving high-profile bombings and assassinations, including a plan to kill Pope John Paul II during a visit to Manila, a plot to bomb 11 American planes and another to crash a light plane packed with explosives into the headquarters of the Central Intelligence Agency in Virginia.

A bomb that exploded last December on a Philippine Airlines flight from Cebu City to Japan, killing one passenger, was a "feasibility study" for the larger terror campaign, Mr. Angeles said.

Mr. Angeles said he was still a member of the Abu Sayyaf group when the raid on Ipil was planned. That surprise attack — involving as many as 200 armed rebels — dealt a shock to the Philippine government and led to the removal of the chief of the military's southern command at Zamboanga.

Mr. Angeles said the raid was led by a group of 30 young Filipino Muslims who were specially recruited and sent to Peshawar, Pakistan, for military training. He said they were known as the "millah forces," and the Ipil raid was primarily a "test mission for the new graduates." In addition, he said, Abu Sayyaf wanted to rob several banks in the town to increase its cash reserves for weapons purchases.

SOME Abu Sayyaf members and supporters and others in Mindanao have tried to dislodge Mr. Angeles' assertions, saying he was never a true Abu Sayyaf member but a government infiltrator. Mr. Salapuddin, a governor of Basilan, said Mr. Angeles quit the group in February because he had already fallen under suspicion as a government agent and "he was already targeted for liquidation."

Mr. Angeles said he knew he was suspected of spying for the government and may have been marked for death. "I'm not a DPA," he said, using the initials for a deep penetration agent, or infiltrator. He said he was suspected because he had previous military training as a guerrilla fighter with the communist New People's Army and because he had a Christian last name. His father is a Christian, but Mr. Angeles said he has long been a practicing Muslim.

He went on to say that he had publicly disagreed with Mr. Janjalani over the killing of civilians to further the Islamic cause.

"Before I surrendered, I talked to myself," he said. "I knew those things we were doing were wrong." Mr. Angeles said he first became disillusioned with Abu Sayyaf when the group switched from kidnapping for ransom to outright murder of Christians.

Intelligence sources have stood by Mr. Angeles as an "idealistic" if confused young man who has spent most of his adult life floating between the Philippines' myriad insurrectionary movements.

The sources said he had proved his worth by helping the military pinpoint Abu Sayyaf camps and assisting in the searches for them. While some of his allegations cannot be independently verified, one intelligence officer said his agency had verified many of Mr. Angeles' statements with other sources.

Conflict Devastates Liberia and Spreads Blight to Neighbors

By Howard W. French
New York Times Service

MONROVIA, Liberia —

Nearly every street of this city bears the marks of the five-year Liberian conflict. Medical clinics have been stripped of their roofs. Government ministries, dark and looted shells, are crowded homes to squatters.

In the countryside, instead of merely being the theater of constant small-scale skirmishes between poorly armed peasants, one village after another has been leveled and inhabitants slaughtered by the heavy fire-power of tribally based militias that mark their territory with the skulls of their victims.

If regions can be likened to neighborhoods, few would dispute that Liberia has been the eyesore of West Africa. Many countries in the region have made strides toward democracy and economic reform in recent years, but the blight of Liberia's crisis has also spread.

"There are ever more cross-border incidents in the Ivory Coast," a Western diplomat

said here. "You've got a major refugee crisis in Guinea, and as far away as Mali now we are seeing a wave of armed robberies using Liberian weapons."

Of all the countries in the region, however, none has been more affected than Liberia's western neighbor, Sierra Leone. Shortly after the Liberian rebel leader Charles Taylor invaded his country from the Ivory Coast in 1989, he helped spawn a copycat movement next door.

Now, after an increasingly intense yearlong drive that has resembled a scorched-earth campaign, Sierra Leone's rebels, led by a shadowy former army photographer named Foday Sankoh, are camped on the doorstep of the capital, Free-

town, far closer to their goal of power than Mr. Taylor.

In both cases, experts on this region readily identify the factors behind the political decay. First, in Liberia, as in Sierra Leone, years of misrule and economic hardship created a desperate yearning for change. Next, neighbors began to take advantage of each country's weakness, exploiting resources in exchange for cash and arms.

"Had our neighbors not permitted their borders to be used for the arms trade, we would never have had this problem," said David Kpormakpor, chairman of the Council of State, Liberia's governing body.

Additionally, analysts say, the failure of the West to

spond adequately has encouraged others to meddle. Diplomats say Libya and its leader, Col. Muammar Gadhafi, have been the most active and puzzling troublemakers.

"In the 1980s, Gadhafi began looking for interesting characters in the region, helped them get set up and has maintained contact with them," a Western diplomat said. "This provided him with a way to a slap at the Americans, a slap at the French and a slap at the British, without really leaving fingerprints."

Recently, diplomats say, Col. Gadhafi has received visits from Mr. Taylor and Burkina Faso's president, Blaise Compaoré. For years, diplomats

have complained that Captain Compaoré has funneled arms and logistical support to Mr. Taylor and, many now suspect, to Mr. Sankoh of Sierra Leone. These leaders share military tactics or pasts, and a vague leftist or nationalistic oratory.

Some of the fighters in Mr. Sankoh's group, the Revolutionary United Front, are known to have received training in Libya, and diplomats say Mr. Sankoh maintains contact with Colonel Gadhafi.

"What we are seeing is a Libyan move to extend its influence in West Africa by reaching out to young, ambitious leaders who have been frozen out by the West or otherwise frustrated," a European analyst said.

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Senators Approve Cuts of \$16 Billion

Clinton Is Adamant on a Veto If Bill Hurts Schools and Jobs

The Associated Press

WASHINGTON — Republicans urged President Bill Clinton on Thursday to change his mind and sign a \$16.4 billion spending cuts bill, but an adamant president said he had no choice but to veto a bill he says is fatally flawed.

The Senate voted, 61 to 38, Thursday morning to approve the deficit reduction bill, which makes major cuts in housing, airport improvement and job training, education and environmental programs included in previously approved federal budgets.

The cuts are partly offset by new spending of \$6.7 billion for disaster relief for California and other states, \$250 million for anti-terrorism efforts after the Oklahoma City bombing, and \$275 million in debt relief for Jordan — all spending that Mr. Clinton favors.

The House approved the bill last week. It now goes to the president, who says he will cast the first veto since he took office because the bill cuts too deeply into social programs while saving "pork" construction projects.

Congress went behind closed doors and cut a lot of education and training out and put some pork in the bill for specific congressmen," Mr. Clinton said Thursday. "So if the bill comes to me in the same form without the restoration of the education and training, yes, I will veto it."

But the House Speaker, Newt Gingrich, and other Republican leaders held a news conference after the vote to urge the president to sign the bill. They were joined by two Republican lawmakers from Oklahoma, Senator Don Nickles and Representative Ernest Istook, who emphasized that a veto could affect Oklahoma City bomb victims.

Both California senators, Barbara Boxer and Dianne Feinstein, were among the eight Democrats who voted for the bill.

The White House spokesman, Michael McCurry, said it was "overextended rhetoric" to suggest that disaster victims in Oklahoma or California would suffer because of the veto, saying that immediate needs would be met. Mr. McCurry said the additional money was needed to ensure that aid for future disasters was not depleted.

The Senate was also to vote late Thursday on its landmark budget blueprint, which would require nearly \$1 trillion in savings to reach a balanced budget in seven years.

POLITICAL NOTES

Republicans Bare Education Plan

WASHINGTON — House Republicans have outlined for the first time exactly how they intend to put the Department of Education out of business, vowing to hand states total control of \$11 billion of its programs and scatter the rest around the federal government.

Their plan, unveiled by a coalition of House freshmen who have spent the last few months assessing the department, also seeks to repeat Goals 2000, an initiative that has been a top of the administration's education agenda.

"The great federal experiment in education is over," said Representative Charles J. Stenhouse, Republican of Florida. "It failed. It is time to move on."

The House plan calls for the department to be abolished within a year and for many of its responsibilities, such as overseeing student loans and special education programs, to be transferred to the Department of Health and Human Services.

But the chief feature of the proposal is to transform \$11 billion in what the department spends in aid for elementary and secondary schools, as well as colleges, into "no-strings-attached" block grants. The states would then be able to spend the money for any "educational purpose," virtually without any federal regulation. (WP)

Flag Measure Advances in House

WASHINGTON — In the first step by the 104th Congress to pass a constitutional amendment banning desecration of the flag, a House panel voted along party lines Thursday to send it to the House Judiciary Committee.

The seven Republicans on the Judiciary subcommittee on the Constitution outnumbered the five Democrats to push the measure forward.

The Democrats' opposition came despite bipartisan support for the amendment in the House and Senate. The full House is expected to vote on the proposal next month.

Supporters say most Americans favor the amendment. The Supreme Court ruled in 1989 that laws against flag-burning violated the Constitution because of the First Amendment guarantee of freedom of speech. (AP)



President Clinton and his nominee for surgeon-general, Dr. Henry Foster, at the White House on Thursday. "If he is not qualified to be America's doctor," the president said, "it's hard to imagine who would be."

Amtrak Switch Is Right on Track

WASHINGTON — A House subcommittee voted Thursday to get the government out of the rail passenger business and convert Amtrak into a private business.

The bill, sent to full committee on an 11-to-5 vote, would provide subsidies of nearly \$3.6 billion over the next five years, gradually ending federal assistance by 2002.

Stock held in Amtrak by the Transportation Department and the freight railroads would be returned, and Amtrak would be permitted to incorporate as a business and sell stock.

Created 25 years ago to take over rail passenger service from the private lines that no longer wanted to handle it, Amtrak has consistently lost money, requiring a federal subsidy of about \$1 billion annually. (AP)

Quote / Unquote

The White House spokesman, Michael McCurry, after reading from a 1939 article in The New York Times explaining why one of the iron gates on Pennsylvania Avenue had to be closed: "The times, the times, the times they have a-changed, obviously, if people were trying out there on the front lawn of the White House as recently as 1939."

THE AMERICAS

Bogus Parts: Some U.S. Airlines Fly on a Wing and a Prayer

By Matthew L. Wald
New York Times Service

WASHINGTON — Bogus aircraft parts such as improperly reconditioned castoffs are commonly used on commercial airliners because of greedy suppliers and poor government oversight, officials of the Federal Aviation Administration and the FBI told a Senate panel.

Some so-called bogus parts are counterfeits made of inferior materials, while others are fraudulently labeled, have not been properly inspected or were once rejected as defective, the officials said at a hearing of the subcommittee on oversight of government management.

In some cases, parts were removed from airplanes, improperly reconditioned and returned to service aboard other planes, the officials said.

But Senator William S. Cohen, Republican of Maine, who heads the subcommittee, cited an instance of a Pan American Express com-

puter plane approaching Kennedy International Airport on July 29, 1990, that was able to lower its landing gear only when the crew cranked it down manually. He said the problem was later attributed to an unapproved part.

There was disagreement during and after the Wednesday hearing over whether unauthorized parts had figured in any crashes or emergencies.

David Hinson, the aviation agency's administrator, asserted that such parts, which he called "suspected unapproved parts," had never been linked to a safety problem. "Anything that can have an adverse effect on safety is important to us," he said in an interview. "There's just never been an unapproved-part problem."

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puter plane approaching Kennedy International Airport on July 29, 1990, that was able to lower its landing gear only when the crew cranked it down manually. He said the problem was later attributed to an unapproved part.

Officials of the National Transportation Safety Board said that a Norwegian Convair airliner built in the United States crashed at sea in September 1989, killing 52 people, after its tail fell off in flight. An unauthorized part was held responsible.

They said that in 10 general-aviation crashes, including those of several helicopters, improper parts have been listed as factors.

Investigators furnished a list of unapproved parts at the hearing, including:

• A nose wheel for a DC-9 that had been passed off by a broker as a nosewheel for an MD-82, which is a heavier airplane.

• A Chinese copy of a part for a General Electric engine used in Lear Jets that lacked cooling holes and caused two failures in Turkish Air Force planes.

• Starter motors widely used in airliners that could fail and cause fires because of bent shafts and other problems.

• Counterfeited landing-gear components for DC-8s that were slightly lighter or made from the wrong grade of steel and were likely to wear out and fail, even though they were difficult to distinguish from proper parts.

The aviation agency's senior inspector, A. Mark Schiavo, said bogus parts were "quite rampant" but that the agency did not have a clear idea of how big the problem was because it had failed to gather information aggressively or properly.

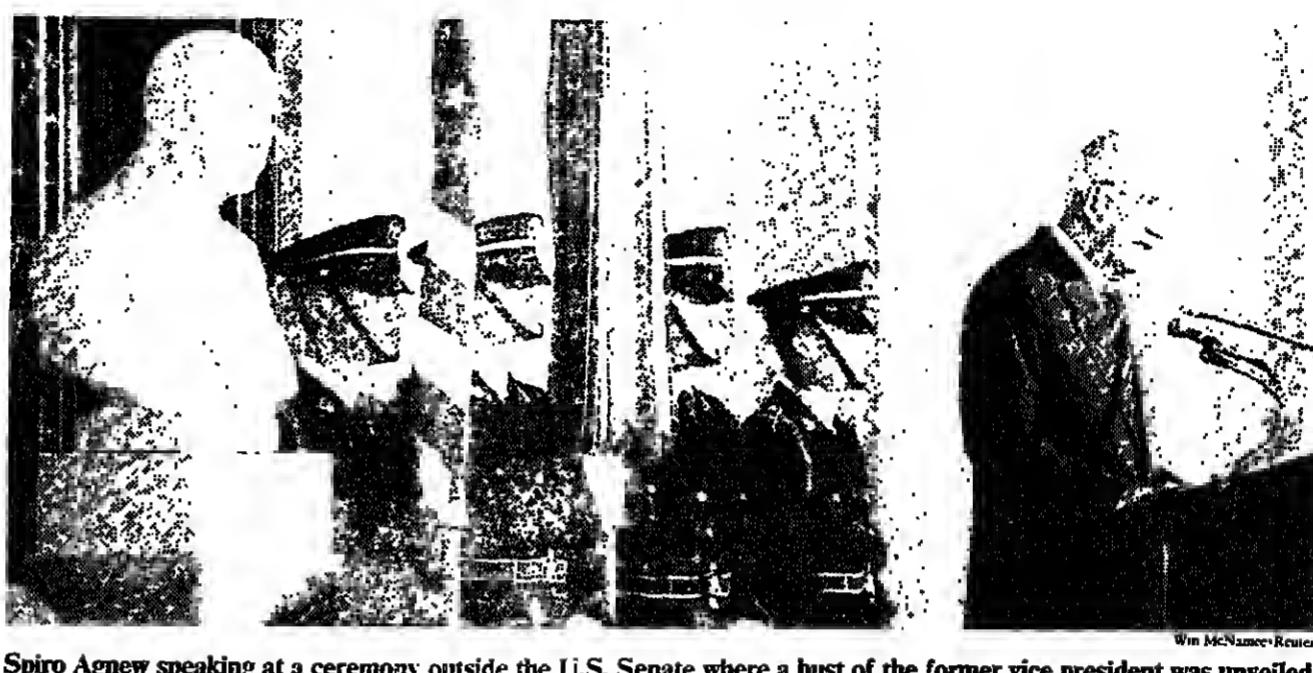
Scappy as Ever, Agnew Appraises His Marble Image

New York Times Service

WASHINGTON — More than two decades after he left the national scene in disgrace, former Vice President Spiro T. Agnew returned to the corridors of power and beamed as a bust of himself was unveiled outside the U.S. Senate.

The noble gaze of the white marble figure hinted not at all at the turmoil of Mr. Agnew's departure in 1973 as Richard Nixon's vice president. He was forced to quit after prosecutors had detailed a classic ward-heeler's graft scandal.

"I'm not blind or deaf to the fact that there are critics who feel this is a ceremony that should not take place," said Mr. Agnew. 76.



'Copycat' Attacks Worry White House Security

By Todd S. Purdum
New York Times Service

WASHINGTON — The latest breach of security at the White House was the most common kind, an unstable fence-jumper, quickly caught. But for those charged with protecting the president, it raised an unsettling fear: The more such acts happen, the more likely other, and perhaps more dangerous, people are to try them again — and again and again.

It is not at all clear that the latest suspect, Leland William Modjeski, a former pizza deliveryman, intended to cause President Bill Clinton any harm. He was carrying an unloaded revolver, and was tackled, then shot in the arm, before coming anywhere near Mr. Clinton, who was inside the residence at the time. He was shot by uniformed and plainclothes agents who guard him every move.

But coming on the heels of the crash landing of a light plane on the White House lawn, and the fusillade of semiautomatic rifle fire from a gunman that pockmarked the north side of the mansion last fall, the incident only heightened concerns about security at the nation's most prominent address.

Those concerns made worldwide headlines last

weekend with the closing of Pennsylvania Avenue in front of the building to deter would-be truck bombers.

Asked if all the attention paid to the incidents might have inspired would-be intruders, the White House spokesman, Michael McCurry, replied, "I am not an expert on the motives or thinking of those that would attempt to do very silly and foolish things."

But Mr. McCurry acknowledged that public attention to security at the White House had been heightened in recent months.

"There's been more discussion of those issues," he said, "and it raises the awareness that some who, you

NEWS ANALYSIS

know, have misguided motives may have as they contemplate their own acts."

Copycat behavior is a universal phenomenon in any case that receives wide publicity, and security experts said the latest incident was no cause for panic.

"Of course, the Pennsylvania Avenue business may have something to do with it," said William H. Webster, former director of the FBI and the CIA, who was among the outside experts who recommended closing Pennsylvania Avenue. "Some people are triggered by concentrations of news. Usually, they're the ones who

are not the lethal conspirators, with the planning and the cunning, but people who act impulsively."

He added: "I feel very good about what we did about the avenue, and I don't think you can refrain from doing responsible things because of how unstable people may respond. At the same time, in my opinion, this latest incident doesn't call for any further steps, walling off the South Lawn, or electrifying that fence, where kids could get hurt."

"Over time, there have been plenty of these fence-jumpers, and they have procedures in place to handle them," Mr. Webster said. "I just don't think we should take this incident and say, 'Henny-Penny, the sky is falling down! It's not."

From 1989 through last November, 23 people jumped fences to enter the White House complex, according to the Treasury Department's security review, which was issued last week at the time of the state closing. "Most of these fence-jumpers have been pranksters, peaceful protesters and harmless, individual individuals," the report found.

Robert J. Donovan, the author of a two-volume history of the Truman administration and "The Assassins," a history of presidential killings, said, "There is a certain epidemic effect to a lot of these things." But he added that the current climate of harsh political rhetoric made the past seem innocent.

Pentagon Urged To Streamline Some Operations

New York Times Service

WASHINGTON — In the latest effort to make the military more efficient, a Pentagon-appointed commission has recommended that the Defense Department overhaul its medical system, slash overlapping staffs and let private business do the auditing and depot work that the armed forces now perform.

In its report, "Directions for Defense," the Commission on Roles and Missions of the Armed Forces also suggested that regional commanders be given more control over the training and equipping of their forces, that the Pentagon's cumbersome budget process be streamlined and that reservists be used more effectively.

The commission challenged the preeminent role of the navy's aircraft carriers in projecting American military might overseas, but dodged the politically sensitive issue of whether to buy more B-2 Stealth bombers and, in general, called for no drastic changes.

Indeed, most of the panel's 150 recommendations affirmed proposals offered by earlier reports or action already under way by the Defense Department. Critics said the commission's 11 members — all civilians but five of them retired military officers — had fallen captive to the interests of the military branches in not eliminating more duplication.

The defense insisted that a dictionary, "the term as I understand it applies to both male and female," was my understanding, but we'll discuss that. "He chuckled as he spoke. "All right," Judge Ito said. Just a word of caution."

Mr. Clark started to argue, but the judge interrupted. "Counsel, I'm cautioning him. So I don't think you need to add anything to it."

The Random House Dictionary of The English Language says the word "hysterical" comes from the Greek word *hysterikos*, or "suffering in the womb," reflecting the Greeks' belief that hysteria was peculiar to women and caused by disturbances in the uterus."

The defense insisted that a phone message on my voice mail this morning suggesting that I suggest you that you look up the Greek derivation of the word — one of the adjectives you used yesterday," Judge Ito told Mr. Cochran on Thursday morning.

Mr. Cochran replied to Judge Ito that, from looking at his

Away From Politics

• Dr. Robert C. Gallo, a leading AIDS researcher, has announced that he is leaving his laboratory at the National Institutes of Health to head a new laboratory, the Institute of Human Virology, at the University of Maryland in Baltimore. More than \$16 million and a large laboratory building have been pledged by the university, the state and the city. Dr. Gallo said he believed the institute would be the first to study human viruses and have a clinic for patients under the same roof. Work on AIDS will be a chief mission, he said. (NYT)

• Republican aides, however, disputed assertions that the bill was in trouble. Benjamin A. Gilman, Republican chairman of the International Relations Committee, told the House:

"Reports that you yanked it because the bill is in trouble are just plain inaccurate."

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But Democrats and administration officials interpreted the delay as a sign that the foreign policy bill lacked the votes to pass, and Mr. Solomon acknowledged that the Republicans need Democratic support.

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ASIA

Big-Time Christianity Takes South Korea by StormBy Sheryl WuDunn
New York Times Service

SEOUL — The choir had stopped and 12,000 churchgoers seated in the giant auditorium started chanting and bowing frantically, waves rippling through a sea of sound, thanking the Lord, thanking the nation, telling off the devil.

Straining for a glimpse were hundreds of others, huddling by the doorways, standing with bibles strapped to their backs or crouching on folding chairs in makeshift alcoves.

They stared intently at the giant screens and the imposing

image of a slight, balding Korean man in a gray suit and tie, whose spirit and charisma have helped create perhaps the world's largest Christian congregation, claiming 700,000 members.

He is the Reverend David Younggi Cho, 59, a legendary figure in South Korea, which has one of the most active Christian communities in Asia. Koreans traditionally believed in a mix of shamanism and Buddhism, but an explosive growth of Christianity in the country has changed all that.

Now, about 10.6 million South Koreans, a quarter of the

population are Christian, and the number is still growing.

Indeed, several of the world's largest Christian churches are in South Korea, and scholars say Yoido Full Gospel Church is the largest of them all. About three-quarters of Korean Christians are Protestants, mostly in fundamentalist denominations.

The story goes that Mr. Cho nearly died of tuberculosis as a young man, church officials say, and the experience convinced him to devote his life to God.

When he started his own

church 37 years ago in a small tent, tuberculosis was rampant and many people in Mr. Cho's small congregation suffered from it. But as they learned to pray in Mr. Cho's style — passionate prayers can last for hours — they were cured, the church says. Word spread that Mr. Cho was a healer, and his congregation swelled.

The Yoido church began early on to broaden the religious experience. It set up small church schools, multiple worship services to reach more people, home-study groups to personalize the message, play activities for children and elaborate social functions for adults.

It also used the powerful allure of closed-circuit television to link its growing number of satellite churches and chapels in Seoul and around the country.

Now, it can seat about 31,000 people in the main auditorium and small makeshift chapels that make up the giant compound in the Seoul suburb of Yoido. Several thousand at a time flock to all-night prayer meetings, and thousands of churchgoers stream into each of Sunday's seven services. Thousands more watch on closed-circuit television.

Even when Mr. Cho goes on missions overseas, his followers fill the main auditorium to pray along with his videotaped image. During one Sunday service, congregants watched scenes of a healing mission abroad, gazing in awe as a tiny disabled boy in India seemed to walk for the first time after Mr. Cho touched him.

Kim Young Soon, 49, who runs a small business, nearly swooned in her praise for Mr. Cho and enumerated all the illnesses he has cured: a thyroid ailment, a bad back, sore legs.

"The pastor has not yet blessed me by putting his hand to my back, but during prayer I put my own hand on my back, and it feels better," she said after the sermon.

Christianity seems to have captured the hopes and dreams of millions of South Koreans, partly because its spread came on the heels of sweeping economic and social change.

In the early decades after World War II, that change was full of turmoil, from a civil war that divided the country, to a military dictatorship that tortured dissidents, to a democratic movement marked by violent riots. At the same time, South Korea's remarkable growth led to immense changes in people's standard of living — and in their religious lives.

Before missionaries brought

Christianity to this country two centuries ago, most Koreans believed simultaneously in several religions, praying to a number of gods in hopes of curing sickness or gaining wealth and prosperity.

Mr. Cho asks people to shed other religions if they come to him. His followers may nominally renounce their former beliefs, but many seem to retain their old attitudes, and the Yoido church has successfully tapped them.

For example, Mr. Cho tells followers that belief in Jesus Christ will bring material as well as spiritual rewards. In sermons, he refers to economic prosperity more often than he reads passages from the Bible.

"What do you find?" he said.

"You have found the kingdom of Heaven. When we are healed,

we enjoy God and will also have obtained prosperity."

For Lee Je Kyun, 58, a mother of four children, the gold at the end of a long prayer was certainly a draw. "It was for material reasons that I joined the church," she said. "In the late 1970s we were in a very poor financial situation. My husband had lost a lot of money."

Since joining, she said, "the business has gone well, and my children haven't gone astray."

In 1983, Mr. Cho was de-nounced by the Presbyterian Church of Korea, one of the nation's two largest federations of Presbyterian churches, which comprises 5,000 local churches with 2.1 million followers. It criticized him for playing up curative powers and material grants from God.

Relations between Mr. Cho and the federation remained tense until last year, when he sent a letter asking for a reconciliation and promising to bring his church more in line.

"We are at peace with the Full Gospel Church," a representative of the federation said.

U.S. North Korea Discussions Stall

KUALA LUMPUR — Crucial nuclear talks between the United States and North Korea ended shortly after they began Thursday, with Pyongyang reporting that no breakthrough was in sight after five days of discussions here.

North Korea's chief negotiator, Kim Gye Kwan, emerged after just two hours of talks with his U.S. counterpart, Thomas Hubbard, to sum up the meeting to reporters in two words: "No progress."

The two sides agreed to meet again Friday, according to a statement by the U.S. Embassy.

The United States is trying to accept South Korean light-water nuclear reactors as part of a \$4.5 billion accord signed in Geneva last October.

In Seoul, meanwhile, the United States rejected North Korea's offer to hold bilateral military talks at the inter-Korean border village of Panmunjom, an official of the U.S.-led United Nations Command said.

On Wednesday, Pyongyang responded to an earlier offer by Washington, saying it would like to hold bilateral talks with the United States at a general-officer level but not involve South Korea or two other members of the Military Armistice Commission, Britain and Canada. (AFP, Reuters)

Euthanasia Approved in Australia

CANBERRA — Australia's Northern Territory state passed a law Thursday allowing voluntary euthanasia, making it the third place in the world, after the Netherlands and the U.S. state of Oregon, to sanction the right to die.

The move by the sparsely populated territory's 25-member Parliament outraged Australia's right-to-life activists, but Australia's attorney general, Michael Lavarch, called it a brave move that other Australian states might copy.

The laws of the Terminally Ill Bill was passed by 15 votes to 10 early Thursday morning after a 14-hour debate and after its sponsor, Chief Minister Marshall Perron, resigned to its passage.

The law allows terminally ill patients to end their lives with help from a doctor after being diagnosed as terminally ill by two doctors and after a cooling-off period. (Reuters)

U.S. Presses China on Hong Kong

HONG KONG — Signaling heightened interest in Hong Kong's future, American officials have issued their boldest warnings yet to Beijing over its future treatment of the British colony when it reverts to Chinese sovereignty in two years.

The warnings have provoked a wave of denunciations from Beijing-controlled newspapers here.

In a blunt statement by the U.S. consul-general and in comments by Winston Lord, the assistant secretary of state for East Asia, Washington has expressed apprehensions over excessive control of Hong Kong's economic and social freedoms. (NYT)

Pakistan Backs U.S. Senate Plan

ISLAMABAD, Pakistan — Pakistan on Thursday welcomed a U.S. Senate proposal to lift some of the sanctions imposed on Islamabad for the past five years.

The Senate Foreign Relations Committee approved a plan Tuesday that would permit a resumption of economic aid to Pakistan but would keep in place military sanctions.

The proposal would cost about a dispute over 28 F-16 fighter jets. Pakistan has paid \$650 million for the planes but has not received them because of the sanctions, which were imposed to protest Pakistan's nuclear program.

VOICES From Asia

Fidel V. Ramos, president of the Philippines, saying the growing number of women from the Philippines working abroad posed a threat to the Filipino family: "We are out against overseas employment of Filipino women. We are against overseas employment at the cost of family solidarity and the personal safety of the worker. The only way we can convince women to remain in the country with their families and not seek employment abroad is by offering them alternative ways of earning a living." (AFP)

Meas Sophan, deputy chief of staff of the Cambodian Army, accusing Thai businessmen and senior Thai military officers of continuing to help the Khmer Rouge despite Thailand's insistence that it no longer supports the guerrillas: "The Khmer Rouge continued to cooperate and relate secretly with Thai businessmen and important military forces along the border to collect and buy food and ammunition for stockpiling." (AFP)

Somsakha Saengpattaranont, a Thai lieutenant colonel: "We have no reason whatsoever to support the Khmer Rouge." (AFP)

Xun Baisi, an official of the Aviation Industry Corporation of China, on China's plan to build a 100-seat commercial jet: "We will select a single Western partner in September to transfer the technology that we lack. The plane will be named something like 'Asian' or 'Eastern.' It won't be called Boeing, Airbus or Fokker 100." (Bloomberg)

China Increases Pressure Over Taiwan Leader's U.S. VisitBy Patrick E. Tyler
New York Times Service

BEIJING — China warned Thursday that it would take further reprisals in its relations with the United States unless Washington "immediately reverses its erroneous decision" to allow President Lee Teng-hui of Taiwan to make a private visit to Cornell next month.

"If the United States refuses, then the United States will bear the full consequences and pay its price," a Foreign Ministry spokesman said here.

At the same time on Thursday, a former high-level Clinton administration specialist on China criticized White House handling of China policy, saying it was devoid of "strategy" or "coherent purpose."

And Prime Minister Li Peng signaled China's increasing cooperation with Iran by welcoming

the Iranian vice president, Hamid Mir Zadeh. Mr. Li seemed to go out of his way to say that both China and Iran were "victims" of "certain countries in the world who tend to interfere in other country's internal affairs."

China's renewed demands on the Taiwan matter engendered a continuing state of high anxiety for the administration, which was forced to review its own policy review of last summer and allow the Taiwanese leader on U.S. soil under pressure from Congress.

A Western diplomat in Beijing said Thursday that most embassies following the diplomatic confrontation "don't know if this is the calm before the storm or what," but they expected China to take more serious steps if the visit goes forward.

China thus far has taken modest steps to show its displeasure over President Bill Clinton's decision

to allow the Taiwanese leader to go to Cornell next month. Beijing cut short the visit of an air force delegation and canceled a cabinet-level official's trip to Washington.

Two other events could be in jeopardy. Defense Minister Chi Haotian is scheduled to visit Washington soon, and President Clinton is expected shortly to nominate Senator Jim Sasser, a Tennessee Democrat, as the new ambassador to Beijing.

The current ambassador, J. Stapleton Roy, who was sent to Beijing by President George Bush, is expected to be nominated ambassador to Indonesia and leave this summer. A hostile diplomatic row over Taiwan would only complicate the arrival of Mr. Clinton's first appointment to the sensitive Beijing post.

Meanwhile, Washington's position was severely

Charles W. Freeman Jr., who has served both as a top diplomat to Beijing and as an Asian policy strategist in the Pentagon.

In a speech to the Asia Society in Hong Kong, Mr. Freeman said, "The Lee Teng-hui visit proves that if you spend enough money on Washington lobbyists you can accomplish wonders, but it does not speak well for the clarity, vision and strategic purpose of U.S. policy."

Mr. Freeman said inconsistent administration policies toward China relating to trade, human rights, Taiwan and Tibetan issues indicated that "there is no policy."

"There is no strategy," he said. "There is no coherent purpose in all of these actions."

But, he added, these actions are read in China, "incorrectly in my view," as a "strategy to weaken and retard the modernization of China."

"They are read as being hostile," he said.

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EUROPE

Athens Tries to Get Greeks to Own Up and PayBy Marilise Simons
New York Times Service

ATHENS — The tax collection office at 11 Sevastias St. offers a view of a faltering engine of the Greek state.

Its five floors are padded with documents in blue linen folders tied with long white ribbons. Folders fill stained filing cabinets and clutter the sofas and chairs. Some ribbons have worn out, spilling the contents.

The 60 employees are using other relics of record-keeping — carbon paper, ink pads and worn rubber stamps. The scene helps explain why more than half of the nation's taxes are never paid and why Greece is chronically short of money.

Only 140 of the country's 340 tax offices are linked to computers. Tax collectors have no access to a central land registry because it does not exist. By government estimates, the black market is worth \$30 billion to \$45 billion a year, perhaps as much as 40 percent of all economic activity.

But in a turnaround that has pushed many citizens to the verge of revolt, the government now appears determined to turn Greeks into taxpayers. This year, new laws and rules adopted in 1994 will be tested, and the Finance Ministry has been busy setting up computers to carry them out.

The outcome will not be known until later this year, but among the early results are strikes, protests and roadblocks organized by irate citizens.

"We have to work 12 hours a day," said Yannis Patakis, who owns a grocery store and who joined a recent one-day shutdown of shops to protest the new laws. "Why should we give any of our money to the government? They'll only steal it."

Andreas Makridis, head of the federation of tax officials, said the biggest item for evasion was the sales tax.

"We believe about 60 percent of sales tax does not go to the government," he said. Merchants sometimes make deals with customers to ignore the sales tax, or they charge it and pocket it, he said.

The government says that little or no annual tax is paid on the country's large fleet of luxury cars and yachts and on perhaps as much as half of the nation's real estate.

Because of the large-scale tax evasion, more than 70 percent of current tax income consists of the money withheld from salaries and pensions, but that

covers only half the people who should be paying taxes.

A government official, who asked not to be identified, said that techniques for tax dodging had been fine-tuned by the rich.

"We have wealthy lawyers, doctors, businessmen and other self-employed people reporting incomes that are so low you'd think they were impoverished," he said.

Tax officials concede that widespread evasion has been possible because of an antiquated collection system run by slack, ill-trained and corruptible bureaucrats in a culture of favors and personal relationships. With 10 million inhabitants, Greece has closed to 8 million unsettled tax cases.

The most revolutionary, and to the Greeks the most infuriating, part of the new tax measures is that from now on every potential taxpayer must register.

Tax Evasion Is Added To List of Deadly Sins

Reuters

ROME — Italians might get away with dodging their taxes and bribing people in this world but in the next they will burn in hell unless they repent, according to the Roman Catholic Church.

The church has added a catalogue of secular sins to the traditional wrongs listed in the Bible in a new version of its catechism, or book of rules, for Italians.

The new catechism, published Thursday, contains bad news for tax evaders, a widespread problem in Italy, and for politicians who persist in corruption.

Modern sins it lists include vote-rigging, bribery and corruption, financial and property speculation, tax evasion, drug trafficking, arms smuggling, arbitrary imprisonment and environmental pollution.

"It pains the church to have to note that there is a gap between religious practice and social and political action among believers," the catechism says. "It is worrying for a country to have to go through a crisis of illegality which is widespread among its governing class and the behavior of its citizens."

"This alone should add 600,000 people to the list," Mr. Makridis said.

Many Greeks have taken the change as an affront. The requirement for "objective criteria" to calculate a person's income is considered especially offensive.

The government has issued a list of "wealth indicators" like the size of a doctor's practice or the value of a car.

"For the first time this year people will be asked how they got their land, their homes or their other properties," Mr. Makridis said. "And they will have to explain how they got the money if the income they declare is not high enough. The government hopes to collect 20 percent more in taxes this year, and twice the current amount within five years.

Some Greeks predict that the new laws will force a change in their lifestyles. A corporate lawyer wondered if he would have to sell his summer home on the island of Syros.

In his grocery store, Mr. Patakis stopped filling packages of herbal tea to denounce the government. He said new taxes might force him to close because entrepreneurs like him had already lost a lot of business to new foreign-owned supermarkets.

Farmers, never taxed before, have protested the loudest. For two weeks in March, they set up barricades on the highways, causing 100,000 tons of milk, meat and produce to rot in trucks trapped by the roadside. The government did not budge, but it clarified that the new taxes would affect only the richest 10 percent of the farmers.

Politicians respond to the protests by pointing to pressure from the European Union, which has sent Athens development funds for more than a decade, but which is demanding that Greece align itself with tax practices of other members. There have been hints that the generous handouts may end unless the government in Athens remodels its public administration and makes Greeks contribute more to the public coffers.

The European Union is also demanding greater accuracy in Greece's national statistics, greatly distorted because of the underground economy.

"Our statistics are as biased as those of many backward countries," a Greek government economist acknowledged. Significantly, last year Greece revised its statistics on the national income upward by 25 percent, retroactive to 1988.

"That is one step closer to reality," he said. "But all Greek national accounts are currently just estimates."

U.S. Joins Britain and Ireland In Pact to Boost Ulster Tourism

The Associated Press

WASHINGTON — The Clinton administration signed a compact Thursday with Britain and the Irish Republic intended to bolster tourism in Northern Ireland after the president addressed a conference to promote investment in the long-troubled region.

The tourism communiqué, according to Commerce Secretary Ronald H. Brown, will "spur tourism throughout Ireland, develop initiatives to increase private-sector investment and tourism development, and train tourism industry employees."

Secretary of State Warren Christopher told the White House conference that "bombs and bullets are giving way to ballots and business" in Northern Ireland.

The gathering has also provided a venue for a top British official to press the Sinn Fein leader, Gerry Adams, on disarming the Irish Republican Army.

Sir Patrick Mayhew, who as secretary of state for Northern Ireland is Britain's senior official for the region, met for the first time with Mr. Adams on Wednesday.

That meeting marked the highest level contact between Sinn Fein, the political ally of the banned IRA, and the British government. Lower level talks have begun on ways to allow Sinn Fein's participation in all-party talks about the future of Northern Ireland.

■ Anatomy of a Meeting

James F. Clurty of The New York Times reported earlier from Washington:

dent Bill Clinton promised last year as part of his effort to foster peace in Northern Ireland.

"For the first time, representatives of all Ireland, not only political but from the community, are meeting under the same roof," said John Hume, the leader of the Social Democratic and Labor Party in Northern Ireland, whose secret talks with Mr. Adams two years ago led to the revival and acceleration of the peace effort.

He said that Sir Patrick, having met with Mr. Adams, should now agree to permit Sinn Fein to take part in full-fledged peace talks, including all the Protestant and Catholic parties and the British and Irish governments. Such talks are Sinn Fein's main demand. But the arms issue remains sensitive, and officials and independent experts say that there will be no all-party talks until there is a range of central rate options in November 1995 as fallen short of currencies, aid that the and credibility of returning it exchange-rate for the year.

Mr. Adams had been demanding a meeting with Sir Patrick for months, arguing that political negotiations, as distinguished from the IRA's campaign of violence, had attained for Mr. Adams a meeting of equals with Sir Patrick.

Some Irish and British officials said the meeting was pressed on the British by the White House, which wants the peace effort to move faster. In March, the British were annoyed when Mr. Clinton gave Mr. Adams the right to make a fund-raising trip to the United States. Before he landed in Washington on Wednesday, Mr. Adams had been fund-raising in the Midwest.



Mr. Adams in Washington.

Mr. Adams had been demanding a meeting with Sir Patrick for months, arguing that political negotiations, as distinguished from the IRA's campaign of violence, had attained for Mr. Adams a meeting of equals with Sir Patrick.

Sir Patrick had delayed contact with Mr. Adams because he wants assurances from him that Sinn Fein is ready to discuss ways to decommission the IRA arsenal, estimated at 100 tons of weapons.

The meeting was at the start of the White House-sponsored conference of trade and investment in Ireland, which President

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Bloomberg, Reute

BRIEFLY EUROPE

Seafood Safe, Japan Says

TOKYO — Japan's Health Ministry plans stricter sanitary checks on the nation's seafood processing in a step toward meeting standards of the European Union.

In early April, the EU banned imports of Japanese seafood by its member countries because conditions at a scallop processing factory in northern Japan did not meet its sanitary conditions.

Kunio Morita, chief of the Veterinary Sanitation Division at the Health and Welfare Ministry, will explain the new measures to EU officials in Brussels on June 8, a ministry official said. (AP)

The Road to Closer EU Ties

PARIS — Central European leaders will meet Friday and Saturday in the Hungarian town of Keszthely to discuss strengthening ties with the European Union.

The talks will bring together the heads of state of Hungary, the Czech Republic, Slovakia, Poland, Slovenia and three EU members — Germany, Italy and Austria.

The discussions have been billed as a forum for discussion between the Central European states and EU neighbors anxious to help them with economic integration as a prelude to EU membership. (AP)

Perry at Joint Maneuvers

KIEV — Defense Secretary William J. Perry arrived in the Ukrainian city of Lvov on Thursday to watch the first joint U.S.-Ukraine military exercises, which are taking place at a former Soviet training ground. Officials said he was accompanied by the Ukraine defense minister, Valeri Shmarov.

The exercises involve 300 soldiers from the U.S. 3d Infantry Division based in Germany and 400 troops from Ukraine's 24th Mechanized Division, based in Lvov. The exercises are to end Sunday. (AP)

Turks Bend on Cyprus Bid

NICOSIA — Cyprus can press ahead with its bid to join the European Union despite Turkish Cypriot objections that the 21-year division of the island must be resolved first. Foreign Minister Alecos Michaelides of Cyprus said Thursday.

The EU application "should have absolutely no connection with the Cyprus problem," Mr. Michaelides said at a news conference with the visiting Greek deputy foreign minister, George Manganis.

A solution to the Cyprus problem "is our basic aim," Mr. Michaelides said, "and we have said that before negotiations start we will multiply our efforts to solve the problem. But this does not only depend on what we want." (Reuters)

U.K. Targets Vehicle Theft

LONDON — Britain plans to crack down on organized gangs that steal trucks, motorcycles and high performance cars and sell them worldwide, police said on Thursday.

A new vehicle crime unit will be part of the National Criminal Intelligence Service, which comprises police, customs and other civil servants and aims to break up the rings that steal anything from Scania trucks to Ferraris. The worldwide trade is worth more than 2,600 million (\$950 million) a year, officials said.

"This is a problem not just throughout the United Kingdom but in Europe, Australia, New Zealand, Africa and probably North America as well," said Albert Pacey, head of criminal intelligence in Britain. "We want to get a better focus on the problem to bring these criminal gangs to justice."

(Reuters)

For the Record

Chancellor Franz Vranitzky of Austria on Thursday was awarded the Charlemagne Prize by the city of Aachen, Germany, for bringing Austria into the European Union.

(AP)

Wary Start to Russia-Chechnya Talks**Meeting Halted, but Political Will Is Seen for Solution**By Steven Erlanger
New York Times Service

day after four hours of conversation that appeared to restore old positions.

Usman Imayev, who represented the secessionist Chechen leadership of General Dzhokhar Dudayev, told reporters that the Russian delegation, which left the meeting first, "was not ready for talks."

But all sides agreed in principle to meet again, although no date was set for another round. Russian officials told the Itar-Tass news agency the talks could resume in two or three days.

"The main thing is that talks have started and that is already positive," said Mr. Imayev, who holds the post of prosecutor-general in the Dudayev cabinet. "But from what we saw today, the Russian side is not yet ready to stop murdering peaceful civilians."

The Russian negotiators were led by Nikolai Semenov, head of Russia's civil administration in Chechnya.

Mr. Semenov said later that the main result of the first round was that all sides displayed political will to solve problems peacefully. Itar-Tass said after a briefing.

There was a lull in the fighting Thursday, although it was not the cease-fire that the Organization for Security and Cooperation in Europe had called for. Russian air strikes on Chechen positions in the mountains south of Grozny were fewer than usual, although there were ground skirmishes.

If you want your vacation to start earlier and last that little bit longer, best fly Swissair. We'll put you in holiday mood the moment you step aboard. Time is everything. swissair

**Yeltsin Hopes He Can Forge New Alliance of Old Partners**

Reuters

MOSCOW — President Boris N. Yeltsin will pursue his distant dream of turning the 12 nations of the Commonwealth of Independent States into a body resembling the European Union at a summit meeting Friday in the Belarussian capital, Minsk.

The Commonwealth, which groups all former Soviet republics except Estonia, Latvia and Lithuania, has made little progress toward integration since it was created from the ashes of the Soviet Union in 1991.

But Mr. Yeltsin has made it clear that he was encouraged by moves toward freer trade with Belarus and has said that the 12 member states will seek closer trade and economic ties at the one-day meeting.

The heads of state of 10 of the 12 countries in the group will attend the meeting. President Nursultan A. Nazarbayev of Kazakhstan will be absent because of a

EDITORIALS/OPINION

Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Chirac in the Jobs Maze

It is not a great start for Jacques Chirac's presidency. His chief task, Mr. Chirac says, is to attack France's joblessness, the worst in the world's top seven economies. Yet the first measures announced by the new prime minister, Alain Juppé, will cost a substantial amount of money which the government has not yet explained how it will find, and one item — the increase in the state-fixed minimum wage — could in itself be a disincentive for some employers to hire new staff. The franc predictably wobbled again. Has Mr. Chirac really thought the problem through?

France's unemployment has two chief causes. Mr. Chirac can get some people back into jobs by making French labor less expensive. That means both cutting payroll taxes (which Mr. Juppé has done) and chopping the minimum wage (not, à la Juppé, putting it up). Cheaper labor has helped to put jobless Americans back in work. It is needed in France, too. But in France it will be politically explosive, and it may anyway not get Mr. Chirac very far.

It will be explosive because new jobs will be created by a reduction in the living standards of French men and women now working. France's trade unions, stronger than America's and already rebellious, will not easily accept that. If many of the new jobs go to immigrants the anger could further swell the vote of the nationalist far right. And the benefit to employment may in any case not be decisive, especially if the sight of France demolishing its labor-market rigidities leads Germany to do the same, thereby cutting the price of German labor — and German exports.

It is the *franc-for* policy that causes much of France's unemployment, half as had again as Britain's or Western Germany's. To keep the franc tied to the Deutsche mark will limit what Mr. Chirac can do about joblessness. To dissolve the franc into a single Eurocurrency — still his declared aim — will leave him with even less room for maneuver.

In a monetary union, a French government cannot try to create more jobs by

altering its exchange rate; there will be no exchange rate to alter. And its ability to borrow money for job-creating purposes may be curtailed by the Maastricht treaty's limits on government borrowing and debt.

Under such constraints, if France is to get its unemployment down, it may have to ask its currency union partners for a special French exemption from government-borrowing limits. Or — even more boldly — it may have to ask them to make a work-creating transfer of money to France, like the transfers that now take place from prosperous regions to poor regions within a single country.

The problem is that it would be Germany that decided the answer to both these French pleas. And Germany might reply that, in return for such economic concessions, it requires new moves to the political union which it wants but France would prefer to avoid.

This is the maze from which Jacques Chirac is groping for escape. His attempted solution may be to ask Germany's Helmut Kohl for a solid guarantee of German financial help without political conditions. Or it may be, despite the current denials, as Chancellor Kohl for a pre-monetary-union realignment of European currencies, a "disguised" devaluation of the franc. A variation of this would be to give the franc a bit more leeway than it has at the moment by linking it to the entire basket of Eurocurrencies, not just the Deutsche mark.

Mr. Chirac is the first French president to enter office since the realities of Europe changed — since Germany suddenly grew so much bigger, and the French showed at the polls their hesitation about union with such a Germany. He knows that the machinery of Europe will not work unless a clear majority of French people reckon it is working to their satisfaction. As he sets out on his difficult dialogue with Mr. Kohl, this is the point he must hammer home. But first he must get the issue clean in his own mind.

INTERNATIONAL HERALD TRIBUNE

Damaging and Disruptive

The uneasy peace between the Republican Congress and the Democratic administration on international issues is collapsing under a torrent of misbegotten Republican legislation that would seriously damage U.S. interests. The initiatives would disrupt America's relations with China and Russia, shrink an already skeletal foreign aid budget, limit U.S. participation in international peacekeeping, and overturn President Bill Clinton's efforts to establish a more rational Cuba policy.

Mr. Clinton, in threatening to veto the House legislation, overheatingly charged that the bill represented "nothing less than a frontal assault on the authority of the president." But the issue is not whether Congress has a legitimate role in the formulation of foreign policy. It surely does, both through control of spending decisions and the power to make laws that touch every area of such policy. The real danger of the legislation is practical, not constitutional.

Angered by Mr. Clinton's decision to end the special treatment of Cubans who flee to the United States, the House bill's authors would reverse the president's new policy of returning those not eligible for asylum to Havana to await normal immigration processing. The Clinton change was overdue, and may prove the first step in developing a sensible relationship with a country that no longer poses any threat to the United States.

Other misguided maneuvers fill pages of the draft legislation, including a plan to slash foreign aid that now accounts for only 1 percent of the federal budget. Has the United States become so self-absorbed that it no longer sees the benefits of devoting a small fraction of American wealth to preventing humanitarian disasters and showing others how better to support themselves?

The House bill looks unstoppable in that chamber. The Senate must restore some sense by discarding or modifying the most damaging provisions. Beyond the legislative front, Speaker Newt Gingrich and the majority leader, Bob Dole, need to temper the partisan warfare before it destroys all sense of national unity in the making of foreign policy.

— THE NEW YORK TIMES.

Doing With a Few Less Guns

Nobody quite knows how long the National Rifle Association's hackers in the House and Senate will stall in the wake of the Oklahoma City explosion before resuming their effort to repeal the ban on certain assault weapons. So for now that ban, enacted by Congress last year, is still in effect, hampering Americans everywhere who find life almost impossible without these ever-so-effective weapons.

The way the repealers were talking until they paused politically after Oklahoma, the ban stripped people of a vital tool. At least that's what the NRA chiefs say on the days when they are not pointing out how the law only bans 19 types of semiautomatic weapons that have certain combinations of features such as ability to accept detachable magazines or bayonet mounts or pistol grips. It must be tough to be limited to

— THE WASHINGTON POST.



By Bill Watterson (© 1995 Bill Watterson)

Koreas: It's Slow and Painful but the Signs Are Good

By Philip Bowring

SEOUL — Half a step forward, a quarter of a step back. As indicated by the latest U.S.-North Korea talks in Kuala Lumpur, dealings with the North remain tortuous, frustrating and bedeviled by uncertainty over the state of play at the top of Pyongyang's political power structure.

Yet through the mists a picture is emerging that provides grounds for optimism. It offers hope that Korean reunification can be achieved — gradually and peacefully. There will be new alarms as the North drives the harder bargain it can. But Pyongyang leaders, it appears increasingly, are driven by an instinct for self-preservation, not self-destruction.

As significant as the latest talks on providing the North with nuclear-power reactors was Seoul's decision last week to approve industrial projects in the North by two groups from the South. Though the projects total only \$10 million, they are the first to receive formal approval. One of them, a joint venture by Daewoo to produce apparel in Nampo, has been stalled since 1992. The go-ahead came a week after a successful visit to China by the South Korean prime minister, underlining the importance Beijing attaches to its relationship with Seoul.

The North evidently views the situation on the nuclear front as encouraging; economic contacts will not be seen as a sign of weakness but as a sign of strength. The photo is inscribed to Mr. Choate by Ross Perot. Mr. Perot was handed the photo by Vice President Al Gore during their debate over the North American Free Trade Agreement, a gesture meant to remind Mr. Perot of the terrible consequences of not moving away from free trade.

But that is what President Bill Clinton and his trade representative, Mickey Kantor, are doing. On Saturday, they slapped 100 percent duties on Japanese luxury cars. This is meant to punish the Japanese for not buying enough American autos and parts. That may be a legitimate gripe, but the way to address it is through the World Trade Organization.

Choate, the economist, has on the wall of his office a photograph of two dapper gentlemen, circa 1930: Senator Reed Smoot and Representative Willis Hawley, sponsors of the tariff bill that touched off a trade war that helped plunge the world into the Great Depression.

Now it is the Japanese who have filed a complaint with the WTO because the United States has punished them unilaterally, a violation of trade rules. Every trade expert I have talked to says they will win their case. "The president is going to end up destroying the WTO," said Mr. Choate.

He, like Mr. Perot, did not like the WTO because it gave other countries too much power at America's expense. But to free-traders, undermining the WTO would be disastrous. The trade organization, which Mr. Clinton and Mr. Kantor fought for, could have made the world richer.

It is easy to forget that "the purpose of international trade, the reason why it is useful, is to import, not to export," as Paul Krugman wrote last year in his book "Peddling Prosperity." Most serious economists agree with him. Thanks to trade, we can buy some things from other

A gradual coming together may seem unlikely, given the strength of emotions and the lure of Southern prosperity and political liberties. But there is at least a chance that the regime will evolve in Chinese style rather than collapse along Eastern German lines.

There are, doubtless, power plays going on in Pyongyang, but these seem more likely to be personal or tactical, not involving policy fundamentals. Kim Jong Il has kept a very low profile. But most of the old generation of revolutionary fighters is gone. The second generation elite, with Kim Jong Il as first among equals, is tight-knit. It may appear remote and dogmatic. But its members are better traveled and informed than is often supposed. They are in the business of survival, not heroics. And that suits Seoul, Washington and Beijing.

International Herald Tribune

Ringside Seats for All-Out Trade War

By James K. Glassman

WASHINGTON — Pat Choate, the economist, has on the wall of his office a photograph of two dapper gentlemen, circa 1930: Senator Reed Smoot and Representative Willis Hawley, sponsors of the tariff bill that touched off a trade war that helped plunge the world into the Great Depression.

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countries cheaper than we can afford to make them ourselves. Without imports, the cost of living decently would be far higher.

We would have to get along with fewer conveniences, and we would have less money to save.

We buy imports with exports. Writes Mr. Krugman, "The need to export is a burden that a country must bear because its import suppliers are cash enough to demand payment." But if we import more than we export, it is a tragedy. We simply make up the difference by giving other countries dollars. The other countries hold those dollars in U.S. banks or invest them in U.S. assets.

The economist Herbert Stein used this timely example: Japan sells Americans automobiles, and Americans sell Japan "dollar-denominated assets such as Treasury bills and New York office buildings." This is not such a bad deal, especially when the Japanese pay too much for those buildings (for instance, Rockefeller Center).

Yes, exports are beneficial, too, and it is good that the Clinton administration has been pressuring the Japanese. But there are other weapons to use, like cracking down on tax breaks for Japanese companies in the United States, that are not as self-destructive.

Would the Japanese buy more American cars even if they were freely available? No, and for the same reason we Americans don't buy many Japanese computers or watch many Japanese movies. We like our own better — which is our privilege.

Mr. Clinton has threatened the Japanese before, but he has gone so far this time that he cannot possibly turn back. It is unlikely the Japanese will back down — the loss of face would be horrendous. So we may soon get a chance to see what a trade war looks like.

The Washington Post

Making the Most of Voter Distrust

By William Safire

LOS ANGELES — The voters' trust goes the truism, is the most valuable asset any politician can possess. Image-makers strive to create it; candidates ake to make voters' trust the touchstone of their candidacies.

When a political figure has earned that trust, we are told, the public will forgive him diplomatic gaffes, policy blunders, even had luck. An "I-like" "trust me" from the politician with the right wing in a Republican primary, but they forgive him because they know if elected, he would move back to the sensible center where most people are.

Forget all that; recast your thinking to fit the campaign of 1996. Senator Bob Dole is proving that voter distrust can be divine; indeed, it is the secret weapon of his candidacy.

Curiously, the pro-lifers and the Christian Coalition severely assume that reversion, too. But they are not high on Phil Gramm and know that Patrick Buchanan cannot win, and Clinton; but when they don't believe Dole, it helps Dole.

That's worth deconstructing. After last year's election defeat, when Bill Clinton rushed to call for a tax cut, everybody knew his heart wasn't in it. His middle-class blues was seen as a ploy to preempt the incoming Republicans; liberals beamed obliquely on his head for selling out, and centrist Democrats knew he was insincere. Result: distrust, derision, Democratic despair.

When the president took a different tack last week, professing that he, too, wanted to balance the budget someday — despite the forever-unbalanced budget he submitted — Republicans hooted at this poll-induced conversion, and Democrats cringed inwardly at this

his pre-primary support, either. But he does not join in the furious zapping of them, and makes the right obeisances, which they need now. So they pretend to believe his pretense of support; distrust helps him both ways.

Jews, too. The Old Dole was for cutting aid to Israel before it was popular; the New Dole aligns himself with Likudniks in Israel when want the U.S. Embassy moved to Jerusalem, where it belongs, to help ensure the inviolability of Israel's capital.

Jewish liberals are confident he will revert to a previous mindset if he gets in, and won't be so quick to move the embassy; Israel's rightists supporters are not naive, either, but appreciate Mr. Dole's usefulness now in helping stop the rush to turn over sovereignty of the West Bank and part of Jerusalem to Arabs. Again, universal distrust works to Mr. Dole's advantage.

All this leaves Clintonites gnashing their teeth. The president is held to a different standard: nobody cuts him any slack.

The New Dole's devious viciousness is welcomed while the New Clinton's flipflopping is despised. Mr. Clinton, grasping for voters' trust, is damned when he zags left and damned when he zags right, but Mr. Dole, basking in tolerant suspicion, capitalizes on his record as a compromiser.

That's how "divine distrust" works for Mr. Dole and against Mr. Clinton. The only solace I can offer is John F. Kennedy's resigned encapsulation of the Job-like cry against celestial justice: "Life is unfair."

The New York Times

Look Back, And Protect The Baltics

By Valdis Krastins

The writer is ambassador of Latvia in Prague.

PRAGUE — History does not seem very popular among policymakers. And yet today, when the long shadows of the past loom over the lives of so many, it would be particularly useful to look at the last 60 or 70 years in Europe, a time of absolutely unexpected twists and turns and of alliances that would have seemed impossible. The most obvious example of the latter is the unholy agreement between Nazi Germany and the Soviet Union in 1939.

Looking back, this agreement, which shocked so many in Europe, has lost its seeming improbability. It was an agreement between two big powers with even bigger ambitions, anticipating and almost exceeding in dividing up the spoils of their future destiny. They began cashing in almost immediately.

One could argue that this was a natural follow-up to another agreement that was signed in the heart of Europe a year earlier. Politicians of today, while lamenting the consequences of the Munich agreement, are apt to overlook the arguments used for establishing Germany's "right" to interfere in the internal matters of Czechoslovakia. The main argument was the presumed right to protect the German minority in Czechoslovakia by every means, including military force.

Unhappily, this right was given recognition by the Munich agreement. In the end, the German minority paid a heavy price for such protection.

These arguments and agreements, forebodings of World War II, are often remembered nowadays in the Baltic states. Our big neighbor, the Russian Federation, has deemed it necessary to use similar arguments when talking about protection of Russian minorities in neighboring countries, including the Baltic states.

To make things more complicated, and to make the historical parallel more conspicuous, Russia last month aggravated this trend with an ominous threat to use military force in protecting the Russian minorities, singing out Latvia and Estonia.

The Russians now living in the Baltic states came in during the 50 years of Soviet occupation. One can understand their personal difficulties; and the governments of all three Baltic states have taken on the responsibility to secure their rights according to internationally recognized human rights instruments. After proving their loyalty, Russians shall be given Latvian or Estonian citizenship according to the respective citizenship laws. Russians already make up 17 percent of the Latvian citizenry.

It is a relic of the Cold War that some politicians on the Western side of the former Berlin Wall cannot seem to see the wall lying in ruins, or recognize that Europe is already de-facto reunited. The psychological barrier still exists — one of the more sophisticated and dangerous heritages left by the former Soviet Union. Listening to those politicians one hears echoes from the time of the Munich agreement, mentions of "far away" and unimportant Czechoslovakia. A different outlook in 1938 might have saved Europe from the Nazi-Soviet Pact and its bitter consequences.

Now Latvia and Estonia, two "far away" countries, are exposed to a threat of military force, as we are told by the Russians, "on a theoretical level." It is high time to stop such talk and settle the security problem for the Baltic states through a comprehensive act — perhaps a nonaggression pact between NATO and Russia.

The idea has been floated; it could allay Russian fears while giving the Baltic states a chance to step out of the long shadows of occupation, once and for all. There may be other solutions, but they should be debated now, before it is too late. For one would be loath to see my country mentioned in future history books as an illustration of the consequences of not heeding the lessons of European history.

International Herald Tribune

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1895: Wilde Is Convicted

LONDON — To many people the greatest surprise in the Wilde case was the ending thereof. The jury delivered a verdict of guilty on every count in the indictment with the exception of one, and one of the most brilliant men of English letters was sentenced to two years' imprisonment with hard labor. Wilde immediately collapsed, physically as well as mentally.

1945: Franco Challenged

PARIS — The Foreign Affairs Committee of the French Constitutional Assembly voted yesterday (May 25) a unanimous resolution asking the French government to propose to the Allies that joint representations be made to Generalissimo Francisco Franco,

The Deep Wounds of War Are Still Far From Healed

By Flora Lewis

TOKYO — When he announced the end of the Gulf War in 1991, President George Bush declared, "We've kicked that Vietnam syndrome once and for all." The fact he felt the need to stop the ground campaign after four days, without disarming Iraq's Saddam Hussein, proved that it wasn't so.

Now, the intense, sometimes fierce reaction to former Defense Secretary Robert McNamara's book about the Vietnam War shows again how deep and enduring the trauma has been. As he says at the begin-

ning of it, it is a book he intended never to write.

But he was finally moved to do so for the same reason that he ordered the study which came to be known as the Pentagon Papers. Shortly before they were published in 1971, of which he had no forewarning, he told me he wanted the record assembled so future U.S. presidents and their advisers could see just how the decisions were made and learn from the results.

Mr. McNamara is here at the moment, attending a meeting of the Interaction Council, an international group of former heads of government and eminent experts chaired by former Chancellor Helmut Schmidt of Germany. Its purpose is to discuss and make recommendations on major world problems such as poverty and population, international trade and finance, peace and stability.

I talked with him about the book and its aftermath. He is stoical about the attacks, which I think have been an unfair response to a sincere effort to explain how the U.S. government went so wrong, not in order to seek forgiveness but to put the country on guard against repeating the mistakes.

Mr. Schmidt said formally that Mr. McNamara's book "fully reveals his moral quality because he publicly admits serious error." He called it "an outstanding example of courage for other leaders of the future."

But I told Mr. McNamara that I thought a crucial element was missing, perhaps apart from the lives lost the graves aspect of the war's lasting damage. It was the destruction of trust in the honesty of America's leaders, the forced recognition that they could and did deliberately deceive the people to whom they owed account.

© Flora Lewis.

That sense of being cheated has had a long, pervasive effect. It is a part of the outcry against Mr. McNamara for telling his truths out loud when it is too late to use them, though another part no doubt is for destroying what little remains of the myths that were used to justify the war and the sacrifices.

It is an important part of the sour relations between the American media and the government, the tendency to treat elected leaders as the enemy to be demolished even before any dispassionate analysis of the facts.

Mr. McNamara puts more importance on the failure to explain clearly and honestly to the American people and the Congress that they were being taken into a major war, and why.

The reasoning behind the failure, he says, was that President Lyndon Johnson feared admission would undermine his Great Society projects but also, ironically, that it would stir pressure from the right to make the war bigger, broader than he intended.

The government did think, wrongly, he judges now, that the war was necessary to prevent a Communist takeover of much of Asia, but that it had to be limited so as not to provoke war with China and the Soviet Union.

His conclusion is that the government must seek public support for such decisions, and renounce them if it can't convince. But I think the problem is deeper. Whether or not it can manage to appear wise, the government must be seen to be truthful. It will take a long time to regain that assumption from the American public, and that must be added to the continuing cost of that war.

It isn't only Americans who are concerned. Leaders from other countries who are here worry openly now about America's willingness and ability to continue playing the leadership and stabilizing role in the world, which they consider essential in these uncertain, confusing times.

Their recipe for peace will only ensure embittered conflict throughout the Balkans and serve as a terrible precedent for would-be aggressors and war criminals. Defeating the poorly motivated and badly led Serbian forces in Bosnia and Croatia by arming their victims would, in the long run, prove to be a much more desirable and sustainable solution.



'We now have reason to believe that the federal government plans to take over the United States.'

LETTERS TO THE EDITOR

The West's Balkan Policy

Regarding "No, the Only Solution Is a Compromise With the Bosnian Serbs" (Opinion, May 20) by Joel Shapiro and Gordon R. Thompson:

Taking the West's disastrous Balkan policy to its ultimate end, the writers assume that a lasting peace in the region can be achieved by simply conceding the 70 percent of Bosnia that the Serbs now very tenaciously control to these perpetrators of aggression and genocide.

Serbian ultranationalists lack the population and resources to assert hegemony over the region, and it is foolhardy to assume that their victims in Croatia, Bosnia-Herzegovina, Vojvodina, and Kosovo will have the decency to surrender their lives and welfare for the expediency of certain Western bureaucrats.

Their recipe for peace will only ensure embittered conflict throughout the Balkans and serve as a terrible precedent for would-be aggressors and war criminals. Defeating the poorly motivated and badly led Serbian forces in Bosnia and Croatia by arming their victims would, in the long run, prove to be a much more desirable and sustainable solution.

MUJEEB R. KHAN,
Istanbul.

A Widening War on Drugs

Worries About a Surge in Drug Smuggling" (May 10), I would like to draw attention to the fact that the United Nations International Drug Control Program, or UNIDCP, was one of the main sponsors of the 1993 memorandum of understanding to crack down on production, trafficking and drug use, signed by China, Myanmar, Laos and Thailand, as well as UNDCP itself.

A ministerial meeting of the signatories of that memorandum will be held in Beijing starting on Saturday. Cambodia and Vietnam are expected to become official signatories to the memorandum. A sub-regional plan on control of drug trafficking will final.

ANTON WRESSNIG,
United Nations
Information Office,
Geneva.

Letters intended for publication should be addressed "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

Reminders in the Streets of Berlin

By William Jay Smith

BERLIN — Jules Laforgue, the French poet whose work greatly influenced T. S. Eliot and Ezra Pound, came in 1881 to Berlin and remained for five years. He served as French reader to the Empress Augusta, a descendant of Catherine the Great of Russia, who despised most things German, and, having grown up in Goethe's Weimar with a French education, spoke only French.

It was Laforgue's duty to read to her twice a day from French books and newspapers. He occupied an apartment on the ground floor of the Palace of the Princesses on the

MEANWHILE

Unter den Linden next to the Opera House, opposite the Royal Guard House. There, in his free time, he wrote several volumes of poetry, a volume of ironic "Moral Tales," and the first important essay on French Impressionist painting. Laforgue resigned his position and left Berlin in the winter of 1886 to travel to London, where he married Leah Lee, a young woman with whom he had studied English. The couple returned to Paris, where Laforgue died of tuberculosis the following summer at the age of 27.

Shortly before his death Laforgue, who has been called the French Keats, completed a book about his German sojourn, "Berlin: The City and the Court," which was not published until 1922 and is still not widely known, even in France.

Many people have written about imperial Berlin but no one has told us better than Laforgue exactly what it was like to be there. He not only shows the military presence in his original description of the goings-on at the Royal Guard House below his windows but he also hears that presence in the clicking of spurs in the palace hallway and the scraping of a sabre along the pavement. He shows us exactly what the Unter den Linden was like at every hour of the day and night: He tells of the loads of jazz combo bands below. In the morning and the milk carts with their teams of muzzled dogs; he records the flashing change of the guard at noon and the bright bourgeois activity in the afternoon, followed by the still evening when the avenue became a hallway for the glittering officers moving toward the Royal Palace for court balls.

The military, closely linked to the court, was everywhere and its power pervaded every aspect of life. Half the population of Berlin, he observes, seemed to be in uniform and the half that wasn't dressed as it were. The city was living, he says, in a "slight state of siege."

In 1986 on a hot summer day like the one Laforgue had described a century before, I visited Berlin for the first time. The city, split down the middle by a wall that cut through every segment like a jagged bolt of lightning, was, it seemed to me, living under a full state of siege.

In Lichtenfelde in the American

sector of West Berlin, the Cadettenhaus, where Prussian officers had been trained, largely destroyed by bombs, was then occupied by U.S. forces as Andrews Barracks. The monumental frieze in the Field Marshal's Hall there, which for Laforgue depicted the spirit of the German soldier proud to place "his huge hand on the German volcano," was gone. The main stop of the tourist bus in East Berlin was the mammoth Soviet War Memorial in Treptow Park, where 5,000 Soviet soldiers were buried, and where, in an adjacent beer garden, a band played very much as it would have in Laforgue's time.

On the terrace outside the Palace of the Princesses, which had been restored as the Opera Café, a small group of beer-drinkers was seated under umbrellas. No one was inside when I entered what had been Laforgue's apartment. The cafe consisted of one large, low-ceilinged room with bright orange walls, tiny tables, and a grand piano in one corner. The windowsills were pots of schefflera and mother-in-law's tongue.

Pushing aside the thin white curtains, I gazed across at the Royal Guard House (then, as now, called the New Guard House). Beyond a sea of parked cars, I watched a squad of East German guardsmen file from the neighboring Arsenal. With the familiar goose-step they made their way, propelled like mechanical dolls, toward the guard house, inside of which the East German authorities had lit an eternal flame to honor "the victims of fascism and militarism."

On the eve of V-E Day this year, I again visited the Unter den Linden. The interior of the Palace of the Princesses had been completely remodeled and rechristened the Opera Palace. It contains four restaurants; Laforgue's apartment has been given a glitzier look, a long bar, and a raised platform in the left corner on which a jazz combo bands forte. Below the windows the only signs of military activity were police cars lined up on both sides of the street in preparation for a demonstration by leftist students at Humboldt University next to the New Guard House. On the iron railing of the university was a poster showing a Soviet soldier smilling and holding capped in his hands a decapitated head of state of Hitler. In the middle of the street was a large metal barge capped with grass and trees put there by the Greens, the words "The desert is in us" painted on its side. No guards stood outside the New Guard House, the interior design of which has been restored to what it was during the Weimar Republic. An enlarged bronze replica of "Eros with Her Dead Son," resin in the center and below it the words "To the victims of war and tyranny."

I found another vivid reminder of that tyranny opposite Humboldt University between the Opera and

the empty library with a haunting effect. I accentuated a terrible emptiness akin to that of the unearched solitary cells below the Gestapo headquarters, where prisoners were kept and tortured. In the pavement beside the Old Library two plaques explain the occasion of the memorial. On one are inscribed the words of the German poet Heinrich Heine, commenting on a book-burning in 1820: "This is only a pretense. Where they burn books, in the end they will also burn people."

Wolfgang Nagel, the Berlin senator for construction, said that no memorial, however successful, could relieve Germany of the shame it has felt for six decades because of this terrible event. "But it can warn us," he said, "and keep us vigilant."

I returned to the square on V-E Day and found that rain had fallen as it had 50 years ago when Russian troops entered Berlin. It had clouded over the glass window so that "Liberty" below was just a blur but still several Germans struggled to make out the empty shelves. It was as if nature was obscuring for them what, even with the greatest vigilance, was difficult to face. Jules Laforgue, who had such clear premonitions of the terror that was to follow him in this city, would have appreciated the irony of that clouded window and those buried empty shelves.

The writer was consultant in poetry to the U.S. Library of Congress (1963-1970), a post now called poet laureate. He contributed this comment to the International Herald Tribune.

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Keeping Track of Your Mileage

By Roger Collis
International Herald Tribune

ARE you making the most of frequent flier miles? How do you keep track of mileage thresholds, airline, hotel, car rental and affinity card tie-ins, bonus offers, blackout dates and expiration deadlines? How do you figure out the right mix of programs for your kind of travel and what exactly you are earning for each program? How do you develop a strategy for acquiring, and redeeming, miles and bonus points?

These are questions that even dedicated mileage junkies are asking as airlines increase the options while tightening the rules. Cross-partnerships between airlines,

The Frequent Traveler

hotels, car rental firms, credit cards and telephone charge cards add up to more permutations than possible moves in a game of chess. As programs proliferate around the world, it's important to know about global as well as regional alliances.

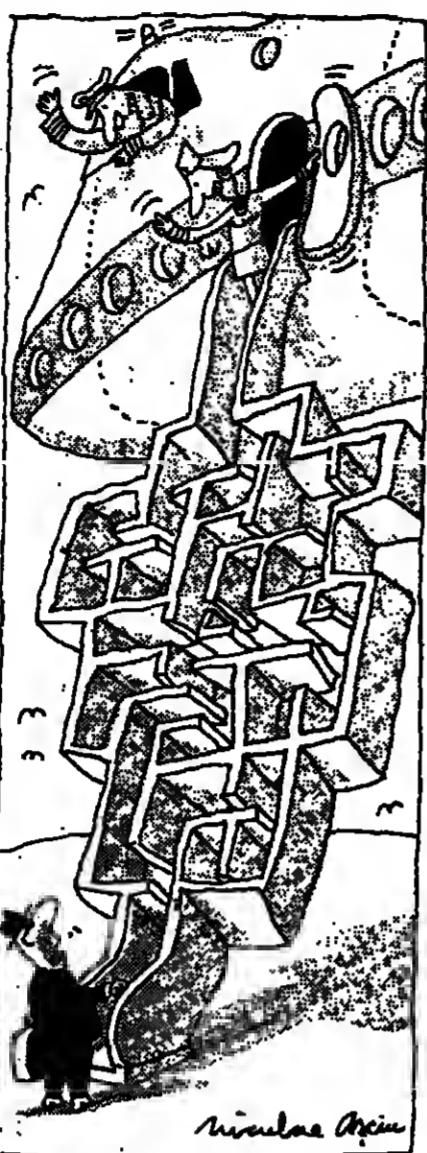
Help is at hand from FFP guru Randy Petersen, 40-year-old editor/publisher of InsideFlyer, a monthly magazine that tracks frequent-flier programs and keeps you up-to-date on changing conditions, and the Official Flyer Guidebook, 483 pages of detailed information on more than 70 airline, hotel, car rental, and card programs worldwide. InsideFlyer International, launched two months ago from Petersen's new London office, is edited specifically for frequent fliers living in Europe, the Middle East, Africa, Asia and the South Pacific.

"We see ourselves as a kind of 'concierge' of frequent-flier miles, helping people with their award redemptions, credits and ongoing problems both through the magazines and the more personalized Frequent Flier Club which we started back in 1987," Petersen says. "We have programs to insure miles against loss if the airline goes out of business, and to extend miles which are about to expire." Petersen claims to have more than 100,000 subscribers in 134 countries.

SINCE membership is free, it makes sense to join the frequent-flier program of any airline you fly. There may be benefits beyond free travel, such as members-only promotions and special offers on certain flights plus bonus miles, upgrades and two-for-one deals. But try to concentrate on one or two programs so as not to dilute your mileage credits. Otherwise, you may find your miles have quietly expired before you have a chance to win an award.

"You must first prioritize your goals by deciding what you want back from a program, such as the ability to get upgrades from economy to business or first class; if you want to take your family along — you want a program that has companion tickets or allows you to transfer credits; and where you want to use these awards — for instance, not all programs offer awards to the Far East," Petersen says.

"If I were choosing a program, I'd be very careful to choose one with a variety of partners out there, because if you have to earn an award just by flying, you're going to find yourself on a lot of flights. Most people don't realize that 30 to 60 percent of miles can come from program partners such as hotels and affinity cards. Every time you travel and use a partner airline,



whenever you fly, and free upgrades, after reaching 50,000-60,000 miles. "There are not many airlines outside the States that allow you to use miles for upgrades — that's the biggest difference between U.S. and foreign FFPs," Petersen says. "Quite a few people only realize after the event that not all upgrades work the same way. You have to read the fine print. What you should look for is the ability to upgrade from any published fare, not just the full economy/coach fare. There's a big difference in both price and miles. And a big difference between airlines."

FOR European residents, Petersen recommends joining the FFPs of one or more major flag carriers, such as Lufthansa's Miles & More, Air France's Frequence Plus, Swissair/Austrian's Qualifier, or BA's Executive Club. But always look for partnerships with U.S. carriers. American Airlines, which can do a lot for you globally, is the only major U.S. carrier without a European FFP partner.

"Lufthansa has probably the most competitive FFP in Europe," Petersen says. "They have an award schedule that'll get you virtually anywhere in the world through their global link with United. And you can redeem and earn on either carrier. They also have a number of lifestyle awards outside of air travel. The idea that you can do something different has a nice ring to it."

Lufthansa has just announced an alliance with SAS EuroBonus, Petersen notes, but adds that you don't really need to belong to EuroBonus, because you can get the same advantages with Miles & More.

The British Airways program is a big one, but they don't have the same number of bonuses that the others do, although this should change soon, Petersen says. BA doesn't allow you to earn miles on discounted fares. But if you have your BA membership in the United States instead of in Britain, you can actually earn miles off any fare, he says.

A lot depends on where you're resident, or have an address — that can be important sometimes if you want to get the most out of an FFP.

BA has USAir as partner and you can actually apply some of your BA miles to the USAir program — and vice versa — to redeem an award. But you can't earn and redeem miles with either carrier. This is the same with Northwest and KLM, the only European FFP that doesn't allow membership outside of Europe. Air France has a program available in the United States with a variety of partners.

"But if I were living in Asia, I'd join a U.S. rather than an Asian program," Petersen says. "My choice would be either United's or Northwest's program because they are truly global and operate many intra-Asian services. I might join BA's Global Program. JAL's program is very limited for those living in Asia; I like Thai's Royal Orchid Plus program. They are into an arrangement with United. If that shapes up as a full partnership where you can earn and redeem on both carriers, Thai's program will become a major player.

They already give credits on all fares, and elite level members [after 50,000 miles] get a free confirmed upgrade on any round-trip flight on Thai Airways."

InsideFlyer International Edition, 24/8 The Coda Centre, 189 Munster Road, London SW6 6AW; Tel: 171-385 6412; Fax: 171-386 9421.

THE THIS.

■ Anniversary notes from all over: Campbell Soup is celebrating the 30th birthday of its unforgettable circular pasta, SpaghettiOs. It took more than a year to develop the idea, its inventor, Donald Goerke, told the AP. Rejected: cowboy-shaped pasta.

THE ARTS GUIDE

ARGENTINA

Buenos Aires
Teatro Colon, tel: (1) 362-3269. The second cycle of the Mozartean Argentine includes performances of works by Richard and Johann Strauss (June 7).

BELGIUM

Brussels
Musée d'Art Ancien, tel: (32) 508-31-11, closed Mondays. To June 25: "Georges Lemmen: 1865-1916." An ensemble of graphic works by the Belgian artist, exhibited together for the first time since his death.

Tunisia

Musée Royal de l'Afrique Centrale, tel: (2) 769-52-11, closed Monday. Continuing/To Nov. 26: "Téte à tête au Musée de Tervuren." More than 250 masterpieces of African art including masks, ancestral statues and figurines.

BRITAIN

London
Barbican Hall, tel: (171) 638-8897. The London Symphony Orchestra continues to celebrate its 50th birthday with concerts conducted by Andre Previn, with Gil Shaham, violin (June 8), Cheryl Studer, soprano (June 15 and 18) and Tim Hugh (June 15). Hayward Gallery, tel: (171) 928-8800. Continuing/To Aug. 13: "Leaders of France: Impressionism and its Rivals." Tate Gallery, tel: (171) 887-8000, open daily, to Sept. 10: "Turner in Germany." In the decades following Napoleon's defeat at Waterloo in

1815, Turner traveled extensively in Germany, recording these tours in thousands of detailed pencil sketches, watercolors and oil paintings. More than 100 of these works are displayed.

Victoria and Albert Museum, tel: (171) 938-8445, open daily. To Sept. 3: "Private Studio Crafts Tradition and the Avant-Garde." From large fiberwork installations to timeless tea ceremony ceramics, this display reflects the diversity and sophistication of current craft production in Japan. Includes the works of 130 craftsmen working with lacquer, glass, textiles, ceramics, acrylic, wood, bamboo and metal.

CANADA

Montreal
Musée des Beaux-Arts, tel: (514) 255-20-20. To Oct. 15: "Beauté Moderne." An exhibition dedicated to various objects of desire which have become an art form in themselves. Includes 50 cars from private collections in Europe, the United States and Canada.

CHILE

Santiago
Centro Municipal, tel: (2) 671-2900. "Los Colores d'Hoffmann," directed by Hugo de Ana, conducted by Michelangelo Veltro, with Chris Morris, José Van Dam and Mary Mills. June 14, 17, 18 and 22.

FRANCE

Paris
Centre Georges Pompidou, tel: (1) 44-78-12-33, closed Tuesdays. Continuing/To Aug. 21: "Constantin

Brancusi." Musée d'Art Moderne, tel: (1) 40-70-11-10, closed Mondays. Continuing/To Sept. 17: "Chagall, les Années Russes, 1907-1922." Musée Dapper, tel: (1) 45-00-01-50, 50-42. To Sept. 26: "Au Fil de la Parole." Sub-Saharan Africa show focuses on fabrics used for clothing, butter and ceremonial rituals in various West African cultures.

Opéra Bastille, tel: (1) 43-43-98-96.

Paris Rehearsal: "Les Capulet et les Montague," directed by Robert Carsen, conducted by Bruno Campanella, with Jeffrey Wells, Cecilia Gasdia and Jennifer Larmore. May 30, June 3, 5, 9 and 12.

GERMANY

Berlin
Martin-Gropius-Bau, tel: (30) 324-50-78. Continuing/To Aug. 4: "The Twentieth Century: The Age of Modern Art." A critical assessment of the phenomenon of Modernism in art.

Hildesheim
Reiner- und Peleus-Museum, tel: (512) 93690, closed Mondays. To Aug. 12: "Die Flügelten der Mutter." An exhibition of a baroque silver service belonging to Bishop Friedrich Wilhelm von Wespshalen and designed by Augsburg silversmiths.

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LUXEMBOURG

Casino Luxembourg, tel: (352) 22-50-42, closed Mondays, but open June 5 to July 9: "Swinging Sixties, Sparkling Nineties." 100 paintings, sculptures, drawings and photographs dating from the 1960s. Includes works by Cesar, Alechinsky, Vasarely, Adami, Ople and Garouste, among others.

NETHERLANDS

The Hague
The Hague, tel: (70) 338-11-11, closed Mondays. To June 25: "Hungarian Masters of the 19th Century: Paintings from the National Gallery of Budapest." Following the 1945 Revolution, Hungarian artists such as Munkácsy, Páli and Munkácsy no longer followed the artistic trends of Vienna but rather those of Paris.

PORTUGAL

Centro Cultural de Belém, tel: (1) 261-98-06, open daily. Prolonged to June 10: "Pintura Manierista em Portugal." An overview of the Mannerist movement in Portugal, from 1550 to the early 17th century. Includes paintings, engravings, and azulejos.

SWITZERLAND

Basile
Musée de Genfle, tel: (61) 261-30-06, closed Mondays. To Oct. 6: "Aromes, Aroma: Versuch über den Genuss." This fourth exhibition about the senses examines the powerful effect of human smell on perception and the connection between perception and design.

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Herald Tribune
INTERNATIONAL
THE WORLD'S DAILY NEWSPAPER

**Mitsubishi Carisma**

\$19,000 to \$28,000 (likely).

Engines: 1597 cc (90 bhp),

1834 cc (115 bhp).

Five-speed manual gearbox.

front wheel drive.

Maximum speed (1.6 version):

112 mph, 0-100 kph (62 mph)

in 12 seconds.

Average fuel consumption:

7.8 liters

per 100 kms.

The Carisma: What's in a Name?

By Gavin Green

THE Japanese are experts at giving good cars silly names. We've had the Nissan Cedric and Gloria, and the Mazda Bongo Brawny van.

The new Mitsubishi Carisma is another example of the Japanese enthusiasm for English getting the better of their expertise of it. It was a name resisted by the British importers. But the Japanese-know-best arrogance, the bane of many a Western car importer, won through and now Mitsubishi's new European-made sedan will be targeted by most young schoolchildren as a mobile spelling mistake.

It may also be a business mistake, for Mitsubishi hopes to sell 100,000 Carismas a year. It hopes to increase its sales penetration by 50 percent, a very ambitious target.

It has such high hopes because, unlike all previous Mitsubishi sold in Europe, this one is locally made — at the NedCar factory in Borne, Holland, as part of a collaborative venture with Volvo and the Dutch government. The Dutch offered Mitsubishi juicy incentives to set its European home in Holland. The NedCar factory, previous home of the Volvo 300 and 400 series (and before that the old DAFs) has been rebuilt, not only to house the plant for the new Carisma, but to produce a new Volvo that eventually will supplant the 400 series as Volvo's cheapest model.

The Volvo — code-named the V40 — and the Carisma share much more than homes. Both Ford Mondeo-sized cars, they share much underkin componentry. The Mitsubishi goes on sale in the Netherlands in June; the rest of Europe follows throughout the year. The V40 Volvo, said to be much more daring in its styling, makes its debut at the Frankfurt Show this September, with sales starting early next year.

Mitsubishi has won a reputation in Europe for conservatively styled cars, big on reliability and resale value, but short on driving flair. The Carisma, despite its upbeat name, conforms to the stereotype. It's rather like a four-wheeled version of a Mitsubishi TV set or fridge: bound to be reliable, easy to use, handsome in a non-descript sort of way, but offering as much pleasure for the user as setting your washing machine to the spin-dry cycle. It's an appliance, not a mechanical companion, which is precisely what most Mitsubishi customers apparently want.

Toyota and Nissan tried the same trick when they launched their British-built Mondeo-rivaling Carina E and Primera models in Europe. Both have been flops. It seems that Europeans want some flair from their cars, not just the ability to drive and arrive.

At least the Carisma looks better than the Nissan and Toyota. The rear-end styling is particularly pleasing: a nice synthesis of pleasing upright tail lights, softly folded sheet metal and a handsomely shaped rear window.

Inside, there's the usual mix of drab monochromatic greys and blacks with which most carmakers are obsessed.

The rear seat serves up good space for the class, although the backrest feels a bit upright to be a comfortable resting place for long drives.

There are three engine choices: a 1.6, a 1.8 and a guisier 1.8 twin-cam. The 1.6 and 1.8 both feel too raucous; I'd pick the smoother, albeit slower, 1.6. The twin-cam is much livelier, but pricier and thirstier.

To boost Mitsubishi's European content up to the magic 85 percent mark needed to get Japanese-skeptical French and Italian governments off their backs, the Carisma uses Renault gearboxes. One of the secrets of Mitsubishi's ease-of-driving, over the

years, has been its simple-shifting gearboxes. The Renault "box" isn't as good: it needs a bit more precision and more effort to master. Optional is Mitsubishi's own automatic gearbox, an excellent four-speeder based on Mitsubishi's existing "fuzzy logic" transmission. It's probably the smoothest shifting auto in its class.

THE handling is safe and tidy, but lacks the marvelous fluency and sharpness of the better Peugeots or Citroëns. Ride quality is O.K., but again, one of the better French sedans will mask road irregularities from passengers more skilfully. A Mondial will too.

So what we're left with is a worthy if rather characterless car, eye-catching rump notwithstanding. It's also clearly the most important car Mitsubishi has launched in Europe, and represents a sizable gamble from a maker that has prospered from recent caution, when the likes of Nissan and Mazda have been overdoing on new models and new plants, only to have the recent recession ruin the party.

At the end of the day the likely top-drawer manufacturing quality, for which Mitsubishi is renowned, ought to see the Carisma through to a successful result. Mitsubishi actually went to the trouble of designing, building and then assembling the production line in Japan, before shipping it out to Holland and reassembling it, to try to ensure that Dutch Mitsubishi is as good as the Japanese ones.

The funny name, we'll just have to get used to. A Carisma built by NedCar using a fuzzy logic transmission must set some sort of record for incomprehensible Double Dutch, even from a Japanese carmaker setting up shop in Holland.

G

INTERNATIONAL

Under a Shiny Surface, Kuwait Remains Shattered by War

By Nora Boustany
Washington Post Service

KUWAIT CITY — Behind the restored glitter of Rolls-Royce showrooms and swank shopping malls offering everything from designer clothes to bagel chips, Kuwait still suffers from the trauma of Iraqi occupation.

During seven harsh months, from August 1990 through February 1991, captivity, torture and rape lodged in the national psyche. The effects are still visible throughout this wealthy oil sheikdom at the top of the Gulf.

Kuwaitis who yearned for a fresh start after liberation by a U.S.-led coalition force on Feb. 26, 1991 — and for drastic political reforms by the ruling Sabah family — have seen their hopes go unanswered.

Just as significantly, perhaps, Kuwait's abandonment by the Palestine Liberation Organization and Jordan, among others in the Arab world, during the occupation remains a source of deep national bitterness.

"For seven months there was no Kuwait. We didn't exist," said Abdellatif Hamad, head of the Kuwait-based Arab Fund for Economic and Social Development, a regional group that deals with Arab countries.

"The skin is very tender, and Saddam Hussein is still there," he said.

Mr. Hamad headed the Kuwait Fund for Arab Economic Development, which he helped found.

until 1981. Jordan, Sudan and Yemen and the PLO were major beneficiaries before they took the Iraqi side during the Gulf crisis. Since 1990, the Kuwait Fund has suspended all assistance to the three countries and to Iraq.

In previous years, the aggregate of loans and grants pledged and approved in Jordan was about \$450 million, of which Jordan had received \$28.5 million. According to Kuwaiti officials, the PLO had received grants worth several billion dollars directly from Kuwait's Finance Ministry, but all aid dried up after Iraq invaded Kuwait.

In the anger that arose as a result of the PLO's sympathy toward Iraq during the crisis, Kuwait has forced out thousands of the Palestinians who once helped make the country work, cutting the number of Palestinian residents from 400,000 before the Iraqi invasion to 50,000 now.

The euphoria with which Americans were greeted by Kuwaitis, some of whom named their babies "Bush" or "Baker" four years ago, after the American president or the secretary of state also gave way to malaise.

"The pro-American feeling among ordinary people came out of a nightmare," said Adnan Abd al-Samad, an Islamic militant in the National Assembly. "Now the hangover is gone, and people see more clearly. It is all a matter of interests."

"A lot of people are saying: 'Where is the money now?'" he added.

Kuwait began a \$12 billion arms procurement

program in 1992 that is to last until 2004 and is intended to make sure the country can defend itself if faced with another Iraqi invasion.

But the spending is not catalogued in detail for members of Parliament, giving rise to what the sociologist Khalidoun Naqib called a nagging feeling that Kuwait has an army so that its defense purchases can be a source of bribes, contracts and kickbacks.

"The problem is with us, not with the Americans," he said.

The rural population and the *bidoon*, Arab refugees who are not eligible for Kuwaiti citizenship, form the bulk of Kuwait's police and defense forces. Defense Ministry officials say the armed forces are 20,000 strong.

But Western diplomats and other Kuwaitis say the army has a little more than 15,000 men, 55 percent of whom are *bidoon*, and at least half as many who are rural tribesmen.

Bidoon — the word means "without" — can work without residence permits, and there are about 160,000 of them. Defense Minister Ahmad Hmoud said that the number of *bidoon* in the army now is about half what it was before the invasion, and that they make up about one-fourth of the armed forces.

Nonetheless, their presence in the military has raised questions about how the country might respond in the event of another crisis — particularly given its slack resistance when Iraq invaded.

"The government was more afraid of the Kuwaitis who endured tragedies to keep the country running than they were of the Iraqis," said a Kuwaiti boursewife named Awatef.

"How much can you expect out of your troops, to keep Iraqis out of town?" a Western ambassador said. "The *bidoon* issue is not going away. National security is achieved by Kuwaitizing them and giving them a stake in the nation."

"I wish these ordinary people would go and enroll themselves in the army," Information Minister Saad Nasir said indignantly from behind his large desk. "They can get an easy job in a ministry."

"The army is in dire need of men," he continued. "We are about to receive M-1A2 tanks, and we are short of staff."

Very few of the country's young men responded to a 1991 draft, and now the army command is thinking of increasing salaries to attract more men, Mr. Hmoud said in an interview.

Many who lived through the hardships of Iraqi occupation received no recognition from the ruling Sabah family when it returned from exile, despite having played key leadership roles in trying circumstances.

"People risked their lives and got nothing," said a disgruntled intellectual, talking about friends who had emerged as community leaders, been put into Iraqi jails and then had been ignored by the returning leadership.

"The government was more afraid of the Kuwaitis who endured tragedies to keep the country running than they were of the Iraqis," said a Kuwaiti boursewife named Awatef.

Blackjack Windfall: A Timely \$20 Million

Agency France-Press

SYDNEY — Australia's richest man, Kerry Packer, who lost \$3.8 million in a gold bar heist from his office safe three weeks ago, has spectacularly recouped his losses with a \$20 million blackjack win in Las Vegas, media reports said.

Mr. Packer, rated among the world's top 10 gamblers, is reported to have struck it lucky during a recent evening at the MGM Grand Casino in Las Vegas. Both the casino and Packer associates have refused to comment.

Britain's Daily Telegraph said eight blackjack tables were cleared to give the media tycoon "elbow room" with the stakes at more than \$230,000 a hand.

When Mr. Packer left the casino, he tipped every staff member \$2,300, a gesture that cost him \$36,000 of his winnings.

The windfall is just another in a long line of betting coups by Mr. Packer.

In 1992, he won \$7 million at the Las Vegas Hilton and last year he left the Grand about \$14 million richer. In 1990, he took away almost \$5 million from the Clemonton in London.

The police are still searching for those responsible for the gold heist at Mr. Packer's Sydney headquarters over the weekend of April 29-30.

They said that thieves broke into the building without triggering its security system, gained entry through three doors, used a gas torch to cut open Mr. Packer's safe and carted the bullion haul away on a trolley.

GOLAN: Peres Is Hopeful

Continued from Page 1
what is expected to be a difficult campaign for the prime minister.

Opinion polls show that most Israelis oppose handing back all of the heights, and nearly two generations have grown up with the territory in their country's hands.

But Mr. Rabin, who has promised to put any Golan agreement to a popular vote, seems convinced he can win a majority for any deal he eventually strikes, and perhaps in the process improve his re-election chances.

Statements like those on Thursday by Mr. Peres seem designed to prepare Israelis for the possibility of momentous change.

Even Mr. Rabin, who is far less expansive than his foreign minister, joined the effort in a radio interview, praising the Sinai withdrawal, which was completed in 1982, as a bold move "whose positive fruits we are still enjoying today."

Combined, their remarks gave a more hopeful air to Israel's talks with Syria, which were given a boost Wednesday when the Clinton administration announced that the Syrians had accepted a formulation on security arrangements sought by Israel.

It was far from a breakthrough, Israeli officials insisted Thursday, cautioning that tough bargaining lay ahead on almost every front, especially on the core question: How much land is Israel ready to yield, and what kind of peace is Syria offering?



Shimon Peres addressing a Labor Party forum Thursday in Tel Aviv on a pact with Syria.

Israel Is 'Surprised' by Vatican Remarks

The Associated Press

JERUSALEM — Israel was "extremely surprised" by a Vatican envoy's harsh criticism of Israeli society, including complaints about growing hostility toward Christians, a government official said Thursday.

The Vatican representative, Andrea Di Montezemolo, made the remarks after an Israeli soldier sprayed a Jaffa church with automatic fire earlier this week and told a court it was his duty as a Jew to destroy symbols of idol worship.

The envoy told the Italian newspaper *Corriere della Sera* that the shooting was not an isolated incident but pointed to a deeper problem in Israeli society.

"There is a need to combat the sentiments of intolerance and hostility toward all non-Jews that is increasingly diffused in the Israeli population," the Vatican representative told the newspaper Wednesday. "Israelis cannot continue to ask the church to condemn anti-Semitism and then do nothing against the local anti-Christian sentiment."

An Israeli official said Israelis were "extremely surprised" that the Vatican would "use an incident, deplorable as it may be, to make general remarks about Israeli society as a whole."

The unusually harsh words pointed to a first bump in the

budding relations between Israel and the Catholic Church.

Israel and the Vatican established diplomatic relations in December 1993, ending hundreds of years of uneasy relations between Jews and the church. As part of the agreement, the Vatican acknowledged its role in the persecution of Jews and pledged to fight anti-Semitism.

An Israeli official said Israelis were "extremely surprised" that the Vatican would "use an incident, deplorable as it may be, to make general remarks about Israeli society as a whole."

The spokesman said members of embassy staff working in especially sensitive work would still face curbs on relationships with Russian citizens. This included the U.S. Marines who guard the embassy complex and are responsible for security.

To Russians, With Love: A Cold War Taboo Dies

Reuters

MOSCOW — The United States has lifted its Cold War curbs on sleeping with the enemy, allowing its diplomats to have "intimate or romantic relations" with Russians.

"The prohibition which formerly restricted employees of the mission from establishing intimate or romantic relationships with Russians has been revoked," a U.S. Embassy spokesman said Thursday. "This is a Washington decision, and it applies worldwide."

DOLLAR: Data Pound Currency

Continued from Page 1

the numbers "show a vulnerability that wasn't there before."

The Fed, of course, can always start lowering interest rates to invigorate the economy.

But such cuts were exactly what worried stock and currency markets. An economy growing at a rate of perhaps only 1 percent, Mr. Kahan said, is vulnerable to any unforeseen shock ranging from a trade war with Japan to a spike in oil prices.

Fears of lower interest rates also tipped the dollar down on currency markets, "which now is pricing in the risk of recession," said Avinash Persaud, a

foreign exchange analyst at J. P. Morgan in London.

In addition to its declines against the yen and the mark, the dollar slipped against most other major currencies Thursday. It fell to 4.9680 French francs, from 5.1140 Wednesday, and to 1.1570 Swiss francs, from 1.2000. The British pound rose to \$1.6080 from \$1.5743.

Mr. Persaud regarded the dollar's decline Thursday as overstated and sided with his bank's forecast of a pause leading to slower and more sustainable growth.

But he also warned: "There is not any sound methodology in the foreign exchange market."

East Germany's Master Spy Calls for Amnesty for Agents

Reuters

BONN — Markus Wolf, the legendary East German spy, added his voice on Thursday to calls for a general amnesty of former agents of the former communist state.

In a landmark ruling this week, Germany's Supreme Court said that East Berlin's spy masters could not be tried for masterminding Cold War espionage against West Germany, but that other agents who had spied in the West could still be punished.

"There ought now finally to be an end to legal prosecu-

tions," Mr. Wolf told the magazine *Super Illu*, referring to all the people who had worked for East Berlin's Ministry for State Security, or Stasi.

The ruling, which also urged leniency toward East Germans who had spied in the West while saying that West Germans accused of treachery could still be prosecuted, has raised the question of whether it was right to let big fish swim free while making small fish fry.

Mr. Wolf received a six-year suspended sentence in 1993 for treason that he will now not have to serve.

He said Russia was the last state of the former Soviet Union still subject to the restrictions on relationships with local citizens.

But the spokesman said members of embassy staff working in especially sensitive work would still face curbs on relationships with Russian citizens. This included the U.S. Marines who guard the embassy complex and are responsible for security.

BOOKS

BEIRUT BLUES

By Hanan al-Shaykh, 279 pages, £14.99. Chatto & Windus.

Reviewed by John K. Cooley

COME with me to the Lebanon you knew and the Lebanon you don't know anymore." This is Hanan al-Shaykh's invitation to two friends, written in her hand on the title page of "Beirut Blues."

Accept her invitation, and you'll be plunged into the bewildering splendor and squalor of Lebanon, sometimes at peace, but mostly at war with itself. If you, the reader, have lived, loved, worked, fought or simply survived during Lebanon's time of troubles, you should find meaning as well as memories in this book. Others will find meaning, too, but also many questions.

Until its successor arrives, "Beirut Blues" will stand as the third book of powerful trilogy about people subjected to the traumas generated by the violent interaction between the West, the Arab world and the slowly decomposing, multisectional Lebanon society caught in between. This society, somewhat like that of a Bosnia caught up in an equally savage war in Europe, was once, although tribal and patriarchal, rather tolerant and liberal in relationships between the various religious sects, as well as be-

tween the sexes and the old and the young.

"Beirut Blues," brilliantly translated from Arabic by Catherine Cobham, continues the author's fascination with her old themes: how people, especially women, behave under pressure from war, mindless violence and enforced social constraint.

Hanan al-Shaykh is a Lebanese Shia Muslim who sharpened her writing talent on Beirut's leading newspaper, "Al Nahar." In "Beirut Blues," as in the two preceding books, her narrator is a free-spirited woman with the rather exotic name of Asmahan. With her friends, her relatives and the other players, benign and malevolent, on the stage of war-torn Lebanon, she strives to recapture the good life the war destroyed.

In other letters, including one to Jill Morell, the girlfriend of John McCarthy, a British hostage held in Lebanon, com-

paring her own fate as a hostage to the daily senseless routine of war, Asmahan refers to her Palestinian lover. He is Naser, who has been forced to depart Lebanon, as were thousands of other Palestinians and their allies, after the Israeli siege of 1982.

In her letter to Naser, now in exile, she evokes the sometimes frantic efforts of ordinary people to continue to lead ordinary lives, or gilded ones in some cases, between the grocery store, the hairdresser and the schoolroom, while the militias

and foreign troops fight it out, to the daily senseless routine of war. Asmahan refers to her Palestinian lover. He is Naser, who has been forced to depart Lebanon, as were thousands of other Palestinians and their allies, after the Israeli siege of 1982.

Asmahan writes to her idol, the singer Billie Holiday; Asmahan's proud, philosophical grandmother; her Francophone Lebanese writer-lover, Jawad. She addresses the land of Lebanon itself. In her native south, the old feudal landlord system is dissolving, as the armed bands, the foreign soldiers and the drug cultivators and pushers invade and put an end to the old pastoral life.

Asmahan even writes a letter to the war. She says she cannot address it as "My Dear, since I don't understand you." In the end, she finds herself at Beirut airport, facing a fateful decision to leave with Jawad or to stay. This decision was faced, at one time or another, by millions of foreigners or Lebanese who lived there during the war years.

John K. Cooley, a correspondent for ABC News and author of books on the Middle East, wrote this for the International Herald Tribune.

BRIDGE

By Alan Truscott

JOE LUTZ and Jerry Fink

Authors of "The American Forcing Major Bidding System," have much to offer in defensive bidding and signaling. One of their ideas they call a "parking lot" action, which gives lead-directing advice to partner in some competitive auctions. An example from a team game is shown in the diagram below, with Fink as East.

Asmahan's first letter, to a woman friend, is partly about trying to piece together human relationships the war has shattered, like a mosaic of picture tiles smashed by some exploding shell or bullet, which she asks an antique dealer to repair.

In other letters, including one to Jill Morell, the girlfriend of John McCarthy, a British hostage held in Lebanon, com-

that a diamond lead prepares a ruff that gives the defense four tricks.

In practice, Fink and his partner did better, for South did not bid four spades, but only three. West bid four hearts, since his partner had promised heart support, and North doubled this contract. It proved unbeatable, thanks to the position of the club ace.

If South had bid four spades, it is far from clear that East would have been willing to defend: four spades might have been unbeatable, diamond lead or no diamond lead

Recovering Auto Sales Help Trim Loss at SEAT

Compiled by Our Staff From Dispatches

BARCELONA — SEAT, a unit of Volkswagen AG, said Thursday that a recovery in car sales and an aggressive cost-cutting plan had helped narrow its first-quarter loss by 83 percent.

Sociedad Espanola de Automóviles de Turismo SA posted a loss of 4.88 billion pesetas (\$39 million), compared with a loss of 26.69 billion pesetas a year earlier.

Production rose 18 percent in the quarter, to 93,655 cars, and sales to distributors rose a like amount. But according to the National Association of Automobile and Truck Manufacturers, SEAT sales to consumers in Spain fell 8.4 percent in the first quarter, to 7,183 units.

Production rose 18 percent in the quarter, to 93,655 cars, and sales to distributors rose a like amount. But according to the National Association of Automobile and Truck Manufacturers, SEAT sales to consumers in Spain fell 8.4 percent in the first quarter, to 7,183 units.

Juan Llorens, president of SEAT, said sales growth had slowed late in the first quarter. He said market conditions remained difficult and that the company was still likely to post a loss for the year. But he added that SEAT should post an increase in operating profit for the year.

"Our mission is not over yet," he said. "This company still requires much improvement, and the present market situation does not help us."

For all of 1994, SEAT trimmed its loss to 29.5 billion pesetas from 151.3 billion pesetas in 1993 and increased production nearly 6 percent, to 313,690 cars.

Mr. Llorens said the company hoped to increase its daily production to 1,900 or 2,000 units

by the end of the year from 1,600. But he also said more temporary layoffs were possible if the market could not absorb the higher production.

SEAT's management reached an agreement with unions this week to lay off 8,875 workers for five days in June and 10 days later in the summer at the company's Zona Franca and Martorell plants.

The layoffs are intended to slow production and halt the accumulation of stocks at SEAT's distributors. SEAT itself is holding an inventory of about 95,000 cars, representing an excess of 10,000 and 15,000, Mr. Llorens said.

SEAT credited its cost-cutting plan with narrowing its loss. The plan involved transferring the bulk of production to Martorell, laying off more than 25 percent of its work force last year and cutting its senior managers to 99 from 200.

Part of that plan led to an agreement in June between the Spanish government and the regional government of Catalonia for a 38 billion peseta bailout for SEAT.

The subsidy was granted after repeated assertions by Volkswagen that the alternative was to turn SEAT into a VW production line.

Barthel Schroder, vice president of SEAT's technical division, said the company's "most important" goal was to be productive, adding that SEAT was taking advantage of labor regulations "offered by the Spanish market."

(Bloomberg, Reuters, AFX)

C&W Profit Declines 23%

Bloomberg Business News

LONDON — Cable & Wireless PLC said Thursday its full-year pretax profit fell 23 percent, mainly because of one-time charges.

Profit before tax was £844 million (\$1.33 billion) for the year ended March 31, including one-time charges, compared with £1.09 billion in the previous year.

The international telecommunications operator said the figure included a £120 million charge at Mercury Communications Ltd., its British unit, and a £178 million charge related to its purchase in 1988 of Telephone Rentals, a phone equipment company.

C&W said it will sell assets and cut capital spending in Britain, where Mercury has been hit hard by price cuts at its rival British Telecommunications PLC.

Independent Newspapers Completes Refinancing

Reuters

DUBLIN — Independent Newspapers PLC said Thursday it had entered into formal agreements relating to the restructuring, refinancing and management of Newspaper Publishing PLC.

Independent Newspapers, headed by the Irish tycoon Tony O'Reilly, said it entered into agreements Wednesday for the refinancing of Newspaper Publishing, the publisher of The Independent and The Independent on Sunday.

Mr. O'Reilly sits on the board of Washington Post Co., which is a co-owner of the International Herald Tribune.

Independent Newspapers and Mirror Group also concluded a liability-sharing agreement, and each now has three seats on Newspaper Publishing's board. Mirror Group will provide printing, distribution and management services.

Independent Newspapers and Mirror Group have each acquired about half of the 44 million shares in Newspaper Publishing held by Repubblica International Holding SA and Expresso International Holding SA, two Italian publishers.

Independent Newspapers, headed by the Irish tycoon Tony O'Reilly, said it entered into agreements Wednesday for the refinancing of Newspaper Publishing, the publisher of The Independent and The Independent on Sunday.

The issue will raise about £20 million, Independent said. Mirror Group will invest £9 million, while Prisa will put in £2 million.

The three investors have also agreed to provide financing totaling £3 million.

Independent Newspapers and Mirror Group also concluded a liability-sharing agreement, and each now has three seats on Newspaper Publishing's board. Mirror Group will provide printing, distribution and management services.

Bankers Stand Up For Derivatives And Decry Rules

By Brandon Mitchener
International Herald Tribune

ST. GALL, Switzerland — Speculation in financial derivatives has been accused of destabilizing financial markets, ruining companies and wrecking governments, but the greater culprits in the recent turmoil have been governments themselves, bankers argued at a meeting here.

While governments are not entirely responsible for markets' gyrations, pursuing credible economic policies and keeping better track of international capital flows would more effectively rein in runaway markets than creating regulations, they said.

Robert Studer, president of Union Bank of Switzerland, and Josef Ackermann, president of Crédit Suisse, told students and business leaders at an international management symposium Wednesday that the threat of derivatives had been greatly exaggerated.

"The growth of derivatives represents no real danger to financial markets," Mr. Ackermann said, adding that recent eras had discouraged speculation in derivatives and put the focus back on traditional ways of hedging risk. "The risks from banks' traditional lending business are usually much greater."

Mr. Studer agreed, saying that fairly ordinary foreign exchange futures contracts accounted for 40 percent of UBS's derivatives activity. "Ten years ago," he said, "we called them foreign exchange futures contracts. Today we call them derivatives."

Moreover, the two men said, most financial markets are no more volatile now than they were 15 years ago — they just appear more volatile because the volume of capital involved has risen.

Citing the collapse of the Mexican peso, the derivatives-related failure of Barings Bank PLC and recurring turmoil in European

currency markets, they said volatility in foreign exchange markets hurt national economies more than it used to because of a growing interdependence.

Creating regulations for banks and other enterprises that do business internationally would do more to limit trade and foreign investment

"The growth of derivatives represents no real danger to financial markets."

Josef Ackermann,
Crédit Suisse

to reduce exchange-rate fluctuations, they said.

Rather, they argued, governments should focus on exposing the risks one country's financial markets pose for those of other countries and punishing wayward nations before financial markets do it for them.

"The International Monetary Fund should discipline the black sheep," Mr. Studer said.

Alexandre Lamfalussy, president of the European Monetary Institute, the forerunner to a European central bank, agreed that governments were largely powerless to fight short-term foreign exchange fluctuations. But he said they could limit the volatility of such moves through fiscal and monetary discipline and judicious supervision.

"Central banks should try to minimize markets' fragility," he said.

Mr. Lamfalussy said governments and central banks could help prevent financial crises by keeping better track of financial institutions' balance sheets and international settlement systems.

(Reuters, Knight-Ridder)

U.S. West Buys Stake In Czech Cable Firm

Compiled by Our Staff From Dispatches

PRAGUE — U.S. West Inc. said Thursday it had taken a 35.5 percent stake in Kabel Plus AS, the largest cable television operator in the Czech Republic.

U.S. West did not disclose the price it paid, but Petr Siroky, general director of Kabel Plus, said the deal was an equity expansion worth about 500 million koruna (\$18.8 million).

Kabel Plus said it hoped its partnership with U.S. West would help it land one of 16 regional licenses for local telephone services in the country. U.S. West echoed that ambition.

"Our mission is to provide integrated services in entertainment, telecommunications and information to our customers around the world," said Russel Givens, the chief operating officer in Europe for U.S. West International. "The Czech Republic is clearly a growth market, and Kabel Plus is a well-positioned leader in this market."

Kabel Plus, based in Ostrava, serves 400,000 customers in 10 Czech cities and has assets worth 1.5 billion koruna, company executives said.

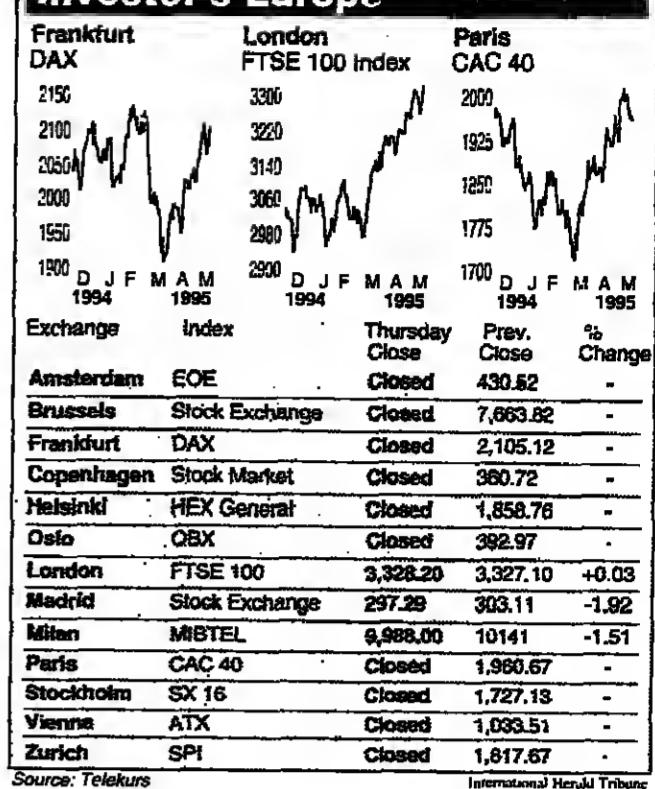
For the past two years, it has worked on a pilot project to offer local telephone service over its cable lines in the town of Liberec but has run into challenges from the Czech phone company SPT Telecom.

SPT is expected to grant a license for Kabel Plus's pilot project this week, an SPT official said.

Gestemco Holdings PLC stock plunged 34 percent, to 69, after the distributor of photocopiers and printers said it would take a charge of as much as £15 million to reorganize its Canadian unit.

The African Development Bank held the first round of voting for a successor to its president, Babacar N'Diaye of Senegal; Timothy Tahane of Lesotho won the round.

Investor's Europe



Source: Telekurs

International Herald Tribune

Very briefly:

• PowerGen PLC said pretax profit in its latest year rose 15 percent, to £545 million (\$858 million), as cost cuts helped offset a fall in sales; revenue dropped 1 percent, to £2.89 billion.

• Unigroup PLC, a British timber-products company, said it would acquire Abbot Group, a British drilling-services concern, for stock valued at £31.6 million.

• Fiat SpA's managing director, Cesare Romiti, said the company's first-half results were better than expected. Fiat will release 1994 results and information on the start of 1995 on June 2.

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• The African Development Bank held the first round of voting for a successor to its president, Babacar N'Diaye of Senegal; Timothy Tahane of Lesotho won the round.

(AP, AP-DI, AFX, Bloomberg)

AP, AP-DI, AFX, Bloomberg

AP

Bad Loans Mean Bleak Year for Japanese Banks

Compiled by Our Staff From Dispatches

TOKYO — Ten of Japan's 11 largest commercial banks said Thursday that their operating profit fell in the year ended March 31, although some managed to write off significant portions of their nonperforming loans.

Analysts said results meant the pall over the nation's financial industry had not lifted. "It's the story of the more things change, the more they stay the same," said James Fiorillo, an analyst at Baring Securities.

The results featured losses at Sumitomo Bank Ltd. and Hokkaido Takushoku Bank Ltd.

Earnings rose, however, at three other institutions.

Although the losses at Sumitomo and Hokkaido had been expected, they were still the Japanese banking sector's first in the postwar era and indicated

the extent of the lending excesses of the late 1980s.

The generally bleak results were also due to redemptions of high-yielding deposits and the yen's appreciation, analysts said.

Most banks said they expected only a partial recovery this year as they entered the final stage of writing off their nonperforming loans, which fell from 8.95 trillion yen to 8.11 trillion yen during the year.

The three banks to report increased earnings for the year were Dai-Ichi Kangyo Bank Ltd., Sakura Bank Ltd. and Asahi Bank Ltd.

Dai-Ichi said its pretax earnings jumped 22 percent from the previous year, to 8.5 billion yen, despite a 6 percent drop in operating revenue, to 2.6 trillion yen. The bank forecast earnings of 10 billion yen this year.

Sakura Bank posted a 7 percent increase in earnings, to 70.5 billion yen, although operating income fell 2 percent, to 2.5 trillion yen. It forecast lower earnings of 65 billion yen for the current year.

Asahi Bank's earnings rose 15 percent, to 34.6 billion yen, on operating revenue of 1.2 trillion yen, which was down 8 percent. But the bank predicted a drop in profit to 31 billion yen this year.

Sumitomo, which has been particularly active in writing off bad debts, had a group loss of 322 billion yen, reversing a profit of 97 billion yen a year earlier, and an operating loss of 284 billion yen.

The bank said it wrote off 827 billion yen in bad loans in the year and forecast a profit this year of 115 billion yen.

Hokkaido Takushoku, meanwhile, announced a loss of 8 billion yen, reversing a profit of 7 billion yen. Operating revenue was down 14.6 percent, to 467 billion yen. But the Sapporo-based bank said it expected a profit of 12 billion yen this year.

Fuji Bank Ltd. said its profit tripled 37 percent, to 43 billion yen, despite a 10 percent dip in operating income, to 2.9 billion yen. Fuji projected a rebound in earnings to 55 billion yen this year.

(AFP, Bloomberg)

Tokyo Stocks Drop Sharply On Yen's Rise

Compiled by Our Staff From Dispatches

TOKYO — Stock prices fell sharply Thursday, with the leading index falling almost 2.5 percent, as domestic investors sold over fears of currency turmoil.

The Nikkei average of 225 stocks lost 391.31 points, to 15,579.44. Declining issues outnumbered gainers 3 to 1.

"The yen's rise against the dollar dampened investor sentiment," one trader said. Other analysts said many big investors had sold shares out of fear of a possible market dive.

"It's not a very good situation," a trader at BZW Barlays de Zoete Wedd said. "Sentiment is really bad."

"At the end of the day for big domestic investors," the trader added, "it's risky to have a lot of stocks because they are anticipating that the market will move lower."

Stocks of semiconductor manufacturers also declined as a result of the dollar's weakness.

(Reuters, AFP)

Shanghai Suspends Bond-Trade Order

Compiled by Our Staff From Dispatches

SHANGHAI — The Shanghai Securities Exchange suspended an order to Treasury bond futures traders to unwind their positions after encountering computer glitches and resistance from traders, an exchange official said Thursday.

China banned bond futures trading last week in a bid to stop speculation in the market. Bond traders were then ordered to unwind their positions by the end of the month.

Market sources said traders were able to liquidate positions Monday on a negotiated-price basis. On Tuesday, the offsetting was taken over by computer and based on a limit of two yuan (24 cents) either side of the May 17 closing price. But the computer was unable to cope with the volume of trades, market sources said.

Exchange officials met with about 50 members Wednesday to discuss the best way to complete settlement, according to local media reports. But no solution has yet been reached, traders said.

China's market regulators

would not comment on the trading halt, the second suspension of trading this year that was linked to members' violations of regulations.

Officials also declined to talk about the small investment company from northeastern China, Liaoning International, that allegedly played a part in both trading suspensions.

Brokers in Shanghai said Liaoning had been exposed to huge losses by the order to settle all outstanding contracts. A Shanghai broker familiar with Liaoning's business, who spoke on condition of anonymity, said Liaoning had a registered capital of 180 million yuan (\$21.7 million) but now stands exposed to a loss of about 2 billion yuan.

Liaoning also was said to be involved in the Feb. 23 bond trading scandal that almost

bankrupted Shanghai International Securities Co., China's largest brokerage concern. David Wei, an executive managing director at Shanghai International, said he did not know about specific trades conducted by the company on behalf of Liaoning.

The chairman and president of Shanghai International both resigned after the company incurred trading losses that it was able to survive only with a \$60 million state bailout.

(AFP, Bloomberg)

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NASDAQ

Thursday's 4 p.m.

The 1,000 most-traded National Market securities in terms of dollar value, updated twice a year.
The Associated Press.

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Thursday's 4 p.m. Close
(Continued)

12 Month High/Low/Stock	Div	Yld	PE	100s	SI\$	High	Low	Latest Ch'ps
15% 12% Muji/PP	1.08c	7.3	—	305	15	140c	140c	—12
15% 11% Muji/CHAA	0.96c	4.5	—	243	14	132c	120c	—

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Thursday's 4 p.m. Close

(Continued)

12 Month High/Low Stock	Div	Yld	PE	Sis 100s	High	Low	Latest Ch'ps	S-T-U										V-W-X										Y-Z																																																																															
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DEC	20c	2	10	11	73	62	73	200	199	198	197	196	195	194	193	192	191	190	189	188	187	186	185	184	183	182	181	180	179	178	177	176	175	174	173	172	171	170																																																																					

SPORTS

Flyers Make It 3-0; Devils Down Penguins

By Joe Lapointe
New York Times Service

NEW YORK — Aging, weary and overmatched, the New York Rangers have one more realistic goal before they surrender their defense of the Stanley Cup. They can try to avoid being swept by the bigger, younger, hungrier Philadelphia Flyers, who appear to be on their way to bigger and better things.

The Flyers took a 3-0 lead in the best-of-seven Eastern Conference semifinal

On the first one, at 2:54, he turned the puck over to Dineen with a pass up the middle. Dineen took it at the New York blue line and blasted in a slap shot from the top of the right-wing circle.

The Flyers went up by 2-0 at 18:44 when Beukeboom got trapped up ice near the Philadelphia bench, while checking Lindros and bending him over the wall. The Flyers sprang down the ice for a two-on-one break. John LeClair cruised in, pulled Richter toward him and sent the puck gently across the slot, where Renberg took it and put it into the vacated side of the net.

Devils 5, Penguins 1: Linemates Bob Holik and Randy McKay scored in New Jersey's three-goal second period that gave the home team a 3-1 lead in that best-of-7 Eastern semifinal. The Associated Press reported.

The Devils outshot the Penguins, 17-3, in a scoreless first period, then beat the goatherd, Ken Wregget, three times in the middle period to take control.

"When this series started," said Eric Lindros, the Flyers' young captain, "by no means did I think we'd be up in the position we're in. We're grateful for it."

Kevin Dineen scored twice for Philadelphia. Mikael Renberg, Rod Brind'Amour and Kevin Haller got the others, the final goal a shorthanded effort late in the second period that eliminated any hope for a home team comeback.

The Flyers took advantage of Ranger mistakes and penalties to surge to a 4-0 lead and drive Mike Richter from the net during the second period.

The two first-period goals were the result of misplays by Jeff Beukeboom, the Rangers' big veteran defenseman.

SCOREBOARD

Major League Standings

AMERICAN LEAGUE							
East Division			West Division				
W	L	Pct.	W	L	Pct.	GB	
Boston	15	9	.575	12	11	.500	2 1/2
New York	12	11	.522	20	13	.615	—
Detroit	13	12	.520	19	14	.545	2 1/2
Toronto	11	15	.455	22	15	.556	3 1/2
Baltimore	18	14	.517	5	15	.500	—
Central Division							
Cleveland	16	8	.667	—	—	—	—
Milwaukee	13	12	.500	3	10	.500	—
Kansas City	11	14	.444	19	15	.533	2 1/2
Chicago	9	16	.364	20	16	.375	2 1/2
Minnesota	8	16	.300	9	17	.300	2 1/2
West Division							
California	17	9	.654	—	—	—	—
Oakland	12	12	.500	5	10	.500	—
Seattle	12	12	.500	20	16	.533	2 1/2
Texas	14	13	.510	3 1/2	—	—	—
NATIONAL LEAGUE							
East Division							
Philadelphia	W	L	Pct.	GB	W	L	GB
Atlanta	19	16	.545	3 1/2	20	15	—
Montreal	12	12	.500	—	—	—	—
New York	16	16	.500	9 1/2	16	16	—
Florida	6	16	.294	—	—	—	—
Central Division							
Chicago	7	9	.480	—	—	—	—
Cincinnati	14	11	.540	3	13	10	—
Houston	13	13	.500	7	13	13	—
St. Louis	11	16	.407	7	12	17	—
Pittsburgh	15	17	.476	7 1/2	15	17	—
West Division							
Colorado	12	12	.500	—	—	—	—
San Francisco	12	14	.481	4 1/2	12	14	—
Los Angeles	12	14	.462	2 1/2	12	14	—
San Diego	11	15	.422	3 1/2	11	15	—
Wednesday's Line Scores							
AMERICAN LEAGUE							
Texas	621	631	.616	8	12	2	—
Chicago	621	626	.626	—	—	—	—
K.C. (Goss, Burns, Alvarez, (McDowell, (1st), Rodriguez, Alvarez, DeLeon, (5), Oltre, (1st), Rodriguez, (1st), R. Hernandez, (6) and Lovell, Korsvold, (7), W-Rodríguez, (14), R-Burns, (1), R-Hernandez, (15), R-Burns, (1), R-Hernandez, (16), R-Hernandez, (17), Rodriguez, (18), Rodriguez, (19), Rodriguez, (20), Rodriguez, (21), Rodriguez, (22), Rodriguez, (23), Rodriguez, (24), Rodriguez, (25), Rodriguez, (26), Rodriguez, (27), Rodriguez, (28), Rodriguez, (29), Rodriguez, (30), Rodriguez, (31), Rodriguez, (32), Rodriguez, (33), Rodriguez, (34), Rodriguez, (35), Rodriguez, (36), Rodriguez, (37), Rodriguez, (38), Rodriguez, (39), Rodriguez, (40), Rodriguez, (41), Rodriguez, (42), Rodriguez, (43), Rodriguez, (44), Rodriguez, (45), Rodriguez, (46), Rodriguez, (47), Rodriguez, (48), Rodriguez, (49), Rodriguez, (50), Rodriguez, (51), Rodriguez, (52), Rodriguez, (53), Rodriguez, (54), Rodriguez, (55), Rodriguez, (56), Rodriguez, (57), Rodriguez, (58), Rodriguez, (59), Rodriguez, (60), Rodriguez, (61), Rodriguez, (62), Rodriguez, (63), Rodriguez, (64), Rodriguez, (65), Rodriguez, (66), Rodriguez, (67), 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OBSERVER

Presidential Security

By Russell Baker

NEW YORK — Pennsylvania Avenue has been routinely open to traffic for the entire history of our republic. Through four presidential assassinations and eight unsuccessful attempts on the lives of presidents, it's been open; through a Civil War, two world wars and the Gulf War, it was open. And now, it must be closed.

President Clinton, announcing "a responsible security step necessary to preserve our freedom"; to wit, closing Pennsylvania Avenue to motor traffic.

The thing about keeping them underground was they looked so awful when you brought them up. Pale as a slug's belly. Also they had that underground smell on them. You know, Musty.

Fitts said to me, look here, election time was coming. The polls were bad enough without having to run a pale president. And that musty smell could lose them California, which was never going to vote for a man who smelled as if he had moss growing on him.

What did Fitts want done about it? Easy: We had to find a better way to provide presidential security without sticking them down these abandoned mines.

"Get 'em up in the open so they can tan up a little and shed that funny smell," Fitts said.

Never mind that the country's spent hundreds of millions securing its chief executives by building all those White House offices in all those abandoned mines where the nasties can't get a crack at them. No sir. All your politician can do is complain about prison pallor and losing California because of mossy smell.

Well, my business is security, not whining. That's when we closed down all of Wash-

ington, including suburbs as far out as the Beltway.

All the politicians could see was, it would inconvenience a lot of voters, not to mention mess up the real-estate market.

Then of course the president started whining. Felt lonely, he said. With everybody else 10 miles out of town, he never saw anybody. Town quiet as a tomb, he said. Giving him the creeps.

Fitts said the president was so secure from atomic assassination that he might commit suicide. We had to do something that would put him back in touch with the living.

That's when we went to multi-president security: A whole batch of presidential look-alikes were given all the presidential perks — limos, bodyguards, jet planes, self-important advisers, big press-corps retinues, the whole works — and all these full-scale presidential circuses, including the real president's, would be constantly in transit.

This gave Himself plenty of human contact with the country while also keeping him out of Washington.

A beautiful security idea, but of course the pols whined. Every traveling president is an 8,000-ton gorilla. Once the novelty of constant presidential visits wore off for people who'd never seen a president before, politicians complained the country was being paralyzed with presidents. "Get these bozos off the road," said Fitts.

That's why we moved them into abandoned mines. At the peak we had 37 presidential look-alikes plus the real thing stowed underground. Talk about spoiling a terrorist's day!

After Fitts complained again we had to put them in orbiting space vehicles. They still look pale at campaign time, but security is practically perfect, and the musty smell is all gone.

He was also reading — Laurence Sterne, Walter Benjamin, S.J. Perelman and Paul Bowles — and seeing movies and Paul Bowles — and seeing movies. "The movie house was a temple of sorts," he says. "I'd sneak in and sit for hours. I became consumptive, seeing movies three or four times a day."

Every experience led to another. Godard's films got him to Nicholas Ray and Howard Hawks — and he prefers political Godard, "even the Marxist stuff — my parents were Marxists."

He was skateboarding in Washington Square Park when he met Larry Clark, the author of a book of photos called "Teenage Lust."

"Larry has intuition, his books are cinematic," Korine says. "I asked if he wanted to see a short film of mine. Then he called back and asked if I wanted to write a movie about my friends. It took a couple of weeks, I had never written anything before, only on scraps of paper, notes to myself that I'd hide and find months later. Do you think that's cool? I like writing jokes too, I'm a fan of Milton Berle — he

School was not his thing. He felt that the teachers were dictating to him, and he resisted. "The other kids were sitting there like mutants, and I wanted to fight." He was expelled from school for hitting a librarian who withheld a book from him, he says.

What he discovered on his own was much more interesting. He started making movies. "I would steal money from my parents, break into the church next door at night and use the editing machine," he says. "I never wanted to tell other people's stories. The only movies I want to tell are my own. No one thinks like I think."

He has been living in SoHo with Chloe Sevigny, who in the film plays the girl who tests positive for AIDS. "She's the only girl I ever liked. But it's hard to be an actress — I think women have always been abused, and there have always been seducers."

Korine has written two more screenplays, one for Larry Clark and another called "Gummo" — as in "the anonymous Gummo brother," he says. "I'm going to direct that one. The screenplay is more structured. 'Kids' was basic, one-two-three. I love playing, taking things out and putting them back in different order. People are going to watch my movies and have no idea where they came from, like, they fell from the sky, like a science project or a football game. I'm going to steal from everyone. That's what cinema is, the ultimate art form, the fourth wall. It should be a collage."

Pressure from Hollywood irritates him, he says rather grandly. "I don't have an agent; I told them all to leave me alone. I'd rather quit than become a property. They want to steal your soul and take your purity away from you."

The movies that came out of Hollywood in the '40s and '50s were so good because Hollywood was created by gangsters from Europe; they were tough. Now it's the lawyers, and everyone is scared, everybody wants to make the same movie. Hopefully, I'll be making movies till I die."

Meanwhile, Korine figures he'll move to the Upper East Side. "I'd like to live with the rich people and get gray carpeting, and I'll be a better writer, because gray carpeting reminds me of my grandmother's basement."

CANNES FILM FESTIVAL

to break into a joke or a sob; his wan, inquisitive face makes him look more like a science whiz with formulas budding from his ears than the bad boy whose lines have Miramax reshuffling its deal with Disney.

"Kids" is a parent's nightmare. The teenagers in the movie talk sex and drugs nonstop; the main character seduces virgins; a girl that he dated and cast off, learns that she has caught AIDS from him.

"A film on social problems about a bunch of cretins" is how Le Monde's critic described the film. And critics here responded as though Korine's characters were playing themselves in a documentary.

"But they are acting, and this is just a movie I wrote," Korine says. "What you see on the screen is my script, and that guy is not my hero. I make moral distinctions between the characters, each has his own moral agenda."

A high school dropout, the screenwriter says he has been on his own since then. He has maverick tastes and objects to the idea that he is speaking for his generation. "To be honest, my love and my lust are totally different from those kids. But I think that people will be able to identify with them, and there is a message. I just don't want to batter you over the head with it."

The boys and girls in the film, age 12 through 19, are a racial mix. "That's New York City today," he says.

Korine describes his growing up as working in a carnival, feeding the goldfish and living in his grandmother's basement.

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Harmony Korine (right) with director Larry Clark at the festival.

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owns all of Western humor."

"What you don't see in 'Kids' is what scares people," Korine insists. "You don't even really see any naked body. It's like pages missing in a novel — the kind of novel I want to write. There's something missing that makes it intriguing, like playing tennis without the ball."

He has been told that there's no love in his script: "But I think there's a great deal of love, it just doesn't come from the family. The kids get it from each other. When you're not cared for at home, when no one gives you any guidance or solace, kids run away."

Born in Bolinas, California, Korine says he spent part of his childhood in Nashville, Tennessee, then in New York, where he lived in his grandmother's basement.

"I didn't want to live with my parents," he says. "I love my parents, but I don't know where they are, sometimes they live in different places."

School was not his thing. He felt that the teachers were dictating to him, and he resisted. "The other kids were sitting there like mutants, and I wanted to fight." He was expelled from school for hitting a librarian who withheld a book from him, he says.

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PEOPLE

Liechtenstein Throne Acquires a New Heir

Liechtenstein has a new heir to the throne, the royal family has announced. The first child of Prince Alois, the crown prince, and Princess Sophie was born Wednesday in London. The boy, to be baptized Josef Maximilian Maria, is in line after his father, Hans Adam II, as monarch.

Who'd have thought the gossip columnists could be so wrong? Michael Jackson and his spouse, Lisa Marie (née Presley), have actually been married for a whole year. Just think: The marriage has even lasted longer than it took to choose jurors for the O.J. trial. To mark the occasion, the Jacksons will submit to a TV interview with Diane Sawyer.

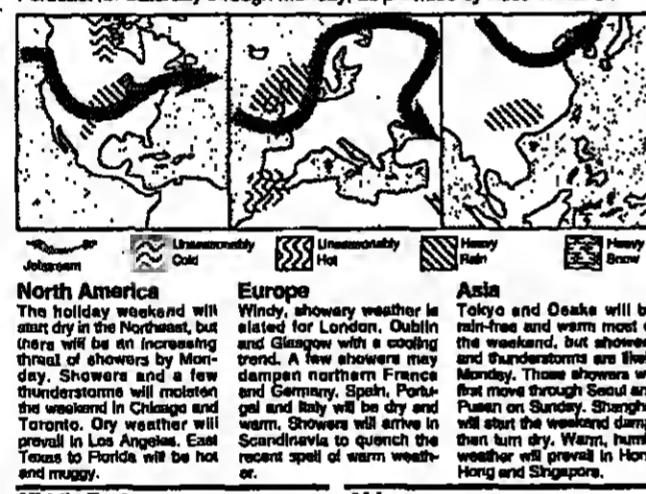
Heidi Fleiss, the so-called Hollywood Madam, is headed for prison Fleiss, 29, got the minimum three-year sentence for pandering. She was released on bail pending appeal... Joey Buttafuoco, of the "Long Island Lolita" case, has been busted for soliciting sex with an undercover police officer in Hollywood. His wife, Mary Jo, who stuck with him even after she was shot by his lover, Amy Fisher, said of his latest caper: "It was a setup. Joey is a target."

Newt Gingrich's mom, for one, wasn't sorry to see Connie Chung lose her job at CBS News. A couple of months ago, Kathleen Gingrich, after being assured that she was speaking in confidence, whispered to Chung that the new House speaker thinks Hillary Rodham Clinton is a "bitch" — remark promptly disclosed by Chung. Mrs. Gingrich said of the former anchor: "I wouldn't mind if I never saw her again on TV."

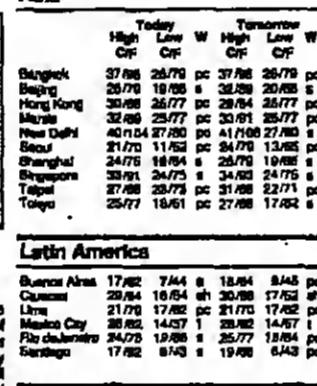
WEATHER

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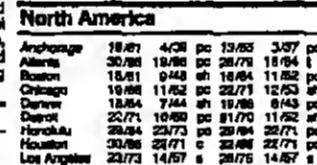
Forecast for Saturday through Monday, as provided by Accu-Weather.



Asia



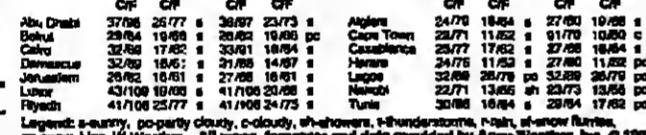
North America



Africa



Middle East



Oceans



Legend: sun, partly cloudy, cloudy, rain, snow, and wind.

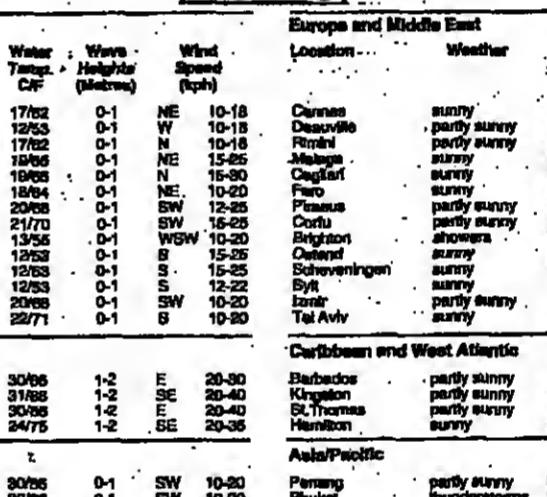
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LEISURE DESTINATIONS

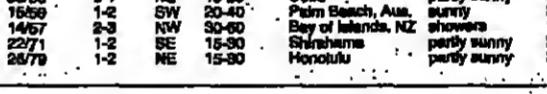


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